Has Official Development Assistance Achieved Developing Countries’ Ownership?

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Abstract

Since the end of the 1990s, the Bretton Woods institutions\(^1\) have committed to promote the ownership of developing countries. The new aid architecture was founded on this principle which subsequently expanded to the entire aid donors’ community. In order to qualify for development assistance, developing countries were expected to define their own development policies in a Poverty Reduction Strategy Paper (PRSP). However, the application of the ownership concept is not without ambiguity as donors have continuously sought to impose their views on the aid recipients’ development strategies. Particularly, the use of conditionality has been largely used in the implementation of Official Development Assistance (ODA). The 2002 Monterrey Consensus\(^2\) marked a new international commitment among the donors who recognized the need to enhance aid effectiveness. This resulted in the adoption of the 2003 Rome Declaration on Harmonization of Aid. Under the initiative of the Organization for Economic Co-operation and Development (OECD), the 2003 Rome Declaration on Harmonization of Aid further advanced the debate on the principle of ownership by stating the engagement to "ensure that development aid is delivered in accordance with the priorities of Partner countries, including poverty reduction strategies and other comparable initiatives."\(^3\) The 2005 Paris Declaration on Aid Effectiveness, an important turning point in ODA’s evolution, embodied the ownership concept by establishing a set of five interconnected principles to foster mutual responsibility and accountability between donor and recipient countries. Has Official Development Assistance (ODA) achieved developing countries ownership? In response to this question, we will focus our review on the ownership principle and its application. In so doing, we will briefly retrace the history of ODA with a focus on its evolution, its achievements, and future trends in respect of the of ownership. This review is based mainly on the consultation and analysis of various reports, books and articles on the topic, as well as organizational documents obtained from the OECD’s DAC database. Other sources include media publications and journal articles related to the subject.

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1 The Bretton Wood Institutions are the World Bank and the International Monetary Fund. Established in 1944, their mandates were to help rebuild the post war economy and promote international economic cooperation.
2 An agreement resulting from the United Nations International Conference on Financing for Development held in March 2002, in Monterrey, Mexico
Official Development Assistance (ODA): Evolution

According to a report published by OECD (The Story of ODA, 1994), the historical beginnings of official development assistance started in 1944. It was characterized by the development activities undertaken by colonial powers in their foreign territories, the establishment of various institutions and programs for economic cooperation under the patronage of the United Nations (UN) following the Second World War, the United States Point Four Program\(^4\) and the economic assistance to countries within the Communist bloc perimeters\(^5\). In 1960, a US led initiative resulted in the creation of the Development Assistance Group (DAG) within the donors community. This group’s main objective was to lead the discussions on support to the less-developed countries. By 1961, the Resolution on the Common Aid Effort was adopted and the Organization of Economic Co-operation and Development (OECD) established to coordinate its implementation.

Following the establishment of the OECD, the DAG was reconstituted into the Development Assistance Committee (DAC) whose basic mandate was to assist the poorer countries in achieving decent life conditions for their population. The concept of Official Development Assistance (ODA) was defined by the DAC in 1972 as the “flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following test: a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) it is concessional in character and contains a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent)”\(^6\).

In this context, the developing countries had received huge volume of aid in the form of concessional loans. The latter were provided to developing countries at a lower rate than the market rate and over a long period of time. The lack of accountability and proper evaluation associated with the disbursement of these loans led to a serious debt crisis in the 1980s. Most of the recipient countries misused the funds and failed to adequately allocate them to development activities. The related consequences were excessive volume of loans and incapacity to repay. This situation further weakened the capacities of the recipient countries which were heavily indebted. As such, they were more likely to capitulate when facing demands from international donors for economic and political reforms.

The collapse of the Soviet Union at the end of the Cold War has led many countries, particularly in the African region, to change their perceptions in terms of institutional preferences, either for economic security or political protection. In her 2014 article, Seva Gunitsky argues that the elimination of Soviet patronage damaged the neopatrimonial elite networks and shifted Western incentives with regards to foreign aid and security assistance\(^7\). Therefore, the United States

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\(^4\) US President Truman proposes as Point Four of his 1949 inaugural presidential address a program for development assistance which was concretized with the adoption of “Act for International Development” in 1950.

\(^5\) OECD, 1994, *The Story of ODA*, by Helmut Fuhrer, p. 4


prioritized democracy promotion over anticommunism by pressuring African autocratic regimes to undertake democratic reforms.

Considering the shortcomings in reaching the targeted objectives of development, the DAC determined that it was necessary to focus more on creating the essential conditions for aid effectiveness in terms of policy, economic and administrative environment. It was also recognized that there was a need to encourage active participation of local stakeholders in the development effort.

In view of this, the Bretton Woods institutions and the United Nations Development Program have become the lead organizations in aid coordination and policy planning in the developing world. Overtime, the focus has shifted to participatory development and protection of the environment. The objectives have evolved to promote sustainable economic growth, sustainable environment, and greater participation of the civil society. Thus, a clear link was established between economic growth and a culture of democratic values; the assumption being that a participatory approach would most likely be attainable in an open society with democratic beliefs. As mentioned before, the Monterrey Consensus shifted the focus on aid effectiveness which, along with the 2003 Rome Declaration on aid harmonization and the 2004 Marrakech Roundtable Principles on Managing for Development Results, paved the way to the 2005 Paris Declaration on Aid Effectiveness.
The Paris Declaration

In an effort to improve aid delivery and management, ODA’s stakeholders adopted the 2005 Paris Declaration on Aid Effectiveness which represented a milestone in tackling the complexities linked to the implementation of ODA. This Declaration involved the participation of donor countries, recipient countries, multilateral donors and civil society organizations, and articulated five principles: 1) ownership by recipient countries, 2) alignment of aid with the countries’ objectives, 3) harmonization of donors, 4) results-based management and 5) mutual responsibility in development assistance delivery.

This declaration shifted the focus towards the recipient countries’ ownership of their development agenda. The main objective of the Paris Declaration was to reform the delivery and management of aid and improve its effectiveness, particularly in terms of reducing poverty and inequality, consolidating growth and strengthening capabilities. The first principle stated that “Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions.” In respect of this principle, recipient countries pledged to take the lead in elaborating and implementing their domestic development strategies. In so doing, they would define their priorities through the development of results-based development projects and programs.

The principle of mutual responsibility and accountability was also highlighted in the Paris agreement. Most importantly, recipient countries would exercise control over the coordination of the entire aid process in collaboration with the donors and would encourage the involvement of civil society and the private sector. As for the donors, they committed to recognize recipient countries’ leadership and assist with the reinforcement of their capacities. The following target was established to measure the achievement in implementing this principle: “At least 75% of partner countries have operational development strategies by 2010.”

In order to advance and reinforce the fulfillment of the Paris Declaration, ODA’s stakeholders further adopted the Accra Agenda for Action in 2008. This document went beyond the effectiveness of Aid to affirm that democracy, economic growth, social progress and the protection of the environment included among the big pillars of development in all countries in achieving sustainable outcomes. It further reiterated that country ownership is essential in achieving aid effectiveness. Therefore, donors and recipients countries committed to materialize this principle by laying out specific actions to be mutually undertaken. These actions were classified in three main categories: (1.) the expansion of national policy dialogue to ensure country ownership of development processes; (2.), the reinforcement of developing countries’ capacities to control and manage their development processes; and (3.), the reinforcement and utilization of developing countries’ institutions and systems to implement their policies and manage their resources.

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9 OECD, 2005/2008, The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, III. Indicators of Progress, p. 11
The Accra Agenda for Action also focused on the role of civil society as active participants in the development programs of their countries in partnership with the governmental authorities. The latter took the engagement to work jointly with their local representatives, parliaments in elaborating, implementing and evaluating national development policies and programs. Donor countries also pledged to respect partner countries ownership while working to reinforce their leadership and develop their capacities. Using an inclusive approach, both donors and recipients countries would extend their collaboration to the local authorities as well as various actors of civil society from the grassroots organizations, private sector and political parties.
On the Principle of Ownership

To determine whether or not ODA has achieved developing countries ownership, it is necessary to understand the concept and its role in ensuring aid effectiveness. Ownership is a concept that remains vague and ambiguous. It should be noted that the literature on ownership offers various definitions and conceptions. In a briefing paper entitled “Reforming Aid Practices”, Paolo de Renzio and co-authors stress that “ownership should always be defined as control”\textsuperscript{11}.

According to the ownership definition given in points 14 and 15 of the Paris Declaration, the recipient countries (or partner countries) exercise full control over their development policies and strategies, and co-ordinate actions in support of development\textsuperscript{12}. In this respect, the recipient countries commit to demonstrate leadership in the development and application of their national development through broad consultative processes. The term “broad consultative processes” lacks specificity as it can be subject to diverse interpretations such as broad consultation with the donors or with the local elected representatives, or with the citizens, or with all of them. In most cases, consultation is limited between the donors and the recipient governments, and tends to exclude other local stakeholders in the process.

Furthermore, recipient countries need to ensure that operational programs are formulated in medium-term expenditure frameworks and annual budgets are also results-oriented. Lastly, they are responsible for coordinating the whole aid process jointly with other development resources while fostering the involvement of the civil society and the private sector. As for the donors, they commit to respect the recipient country’s ownership while assisting in the reinforcement of their capacities. In practice, to obtain the support of the donors, the recipient countries have to demonstrate that the reform program is sustainable. In this connection, they will show evidence of the validity of the policies, their commitment and their implementation capabilities. Therefore, the donors maintain the final say by detaining the approval control over the recipients’ programs.

Many researchers have noted a conflict of interest between the donors and the recipients’ views on ownership. Generally, the donors’ understanding of ownership has been translated as a commitment of the recipient to the policies; the process leading to the conception and adoption being relegated to another level. As for the recipients of aid, the concept of ownership represents their control over the conception, the adoption and the execution of their own policies. The methodology through which these policies are adopted and implemented is not clearly defined. The new approach would require recipient countries to present a development plan that reflects consensus among government, civil society and development partners. However, in reality, development of policies reform is rarely discussed among all the domestic actors.

In defining ownership, some scholars have accentuated the active participation of civil society. Killick, Gunatilaka and Marr suggest that “government ownership is at its strongest when

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\textsuperscript{11} Paolo de Renzio, Lindsay Whitfield, and Isaline Bergamaschi, Reforming Foreign Aid Practices: What country ownership is and what donors can do to support it, Department of Politic and International Relations, University of Oxford, June 2008 – p. 2, \url{http://www.globaleconomicgovernance.org/sites/geg/files/Reforming%20Foreign%20Aid%20P8%202008.pdf}

\textsuperscript{12} OECD (2005/2008), The Paris Declaration of Aid Effectiveness and the Accra Agenda, 2005-2008, p. 5
the political leadership and its advisers, with broad support among agencies of state and civil society, decide of their own volition that policy changes are desirable, choose what these changes should be and when they should be introduced, and where these changes become built into parameters of policy and administration which are generally accepted as desirable”\textsuperscript{13}.

On another note, Omotunde E. G. Johnson\textsuperscript{14} goes further on the idea of governmental ownership to emphasize the country ownership of policy reforms. He affirms that only country ownership can prevent domestic policy reversal and ensure sustainability of policies\textsuperscript{15}. In addition, he argues that to be more complete, ownership has to focus more on country ownership rather than simply the government ownership. He states that “country ownership exists when there is general belief by citizens of the country as well as by non-citizens that the country representatives freely chose the program to be implemented and when there is at the same time general acceptance of the citizens of the country of full responsibility for the outcome of the program chosen”\textsuperscript{16}. As such, a country will take part in the designing, implementation and the final decision-making process on the content of a program taking into account its citizens’ interests. The country will also bear responsibility for the related outcomes. These ownership rights and obligations are to be recognized by all stakeholders. However, the process, which necessitates a mutual collaboration among donor and recipients, does not exclude the inputs of the donor countries or institutions, as long as it is done without coercion.

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\item \textsuperscript{13} Killick, T., Gunatilaka, Ramani, Marr, Ana, & Overseas Development Institute. (1998). Aid and the political economy of policy change. London ; New York: Routledge, p. 87.
\item \textsuperscript{14} As mentioned in the Discussion Paper, the author is a former staff member of the Monetary and Exchange Affairs Department of the IMF.
\item \textsuperscript{15} United Nations Publication (UNCTAD/GDS/MDPB/G24/2005/2), Omotunde E. G. Johnson, Country Ownership of Reform Programs and the Implications for Conditionality, January 2005, p. 12
\item \textsuperscript{16} United Nations Publication (UNCTAD/GDS/MDPB/G24/2005/2), Omotunde E. G. Johnson, Country Ownership of Reform Programs and the Implications for Conditionality, January 2005, p. 3
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Conditionality vs Ownership

According to Andrew Mold, “conditionality is the other side of the ownership coin”\textsuperscript{17}. Conditionality generally comes in the form of either constraints such as sanctions, aid cuts or rewards like trade concessions and military protection\textsuperscript{18}. Conditionality implies a series of negotiated provisions between the donors and recipients of aid in concluding either a loan or grant agreement. Generally, it offers a certain guarantee to the donors that the funds will be repaid or that they will be allocated to the intended purposes. However, common conditionality has been largely criticized and viewed as a way for the donors to impose and buy policy reforms which in turn are detrimental to recipient’s ownership. Conditionality in aid is inevitable as donor countries have to ensure loans are repaid or to be able to respond to their constituents on the outcomes of allocated grants. Nonetheless, the nature of the policy-based conditionality attached to ODA is often criticized due to the level of interference and it’s lack of accomplishment.

During the period following the World War II, the use of conditionality was rather limited since the donors were in a better position to influence the recipient countries. In this context, the two emerging superpowers, the United States and the Soviet Union, took the opportunity to expand their ideologies and exercise their influence across Europe and Africa. In her book titled “Dead Aid”, Dambisa Moyo underlines that most of the Cold War battle was undertaken economically and abroad with the use of aid as a weapon\textsuperscript{19}.

Among the reasons generally associated with the inadequacy of conditionality, we find the lack of enforcement of the clauses stipulated in the loans or grants agreements. A related criticism was the role played by foreign aid in supporting corrupt and autocratic regimes during the Cold War. This period was also marked by a rise in interest rates and a decline in commodity prices. Such conditions plunged the developing world in a severe debt crisis in the 1980s. It resulted in a rise in conditionality and increased control of the donors over the recipient countries’ policy reforms. There was a call on Bretton Woods’ institutions to support market liberalization and reinforce the private sector. The already weak economy of developing countries suffered during this process. Additionally, the end of the cold war aggravated the expansion of conditionality.

Paul Collier and co-authors affirm that the use of conditionality is inconsistent with the concept of ownership and compromises the validity of reform programs\textsuperscript{20}. They have identified five purposes justifying the use of conditionality: 1) Inducement as a persuasion tool; 2) Selectivity as a choice criterion; 3) Paternalism as a controlling measure; 4) Restraint as an agreed incentive tool among donor and recipient; 5) Signaling as an incitement measure for private investment. Despite its proven ineffectiveness and its inconsistency with the subsequent objectives, inducement has been the most utilized approach in structural adjustment lending. Collier et al advocate for a change in

\textsuperscript{17} OECD, 2009, Policy Ownership and Aid Conditionality in the Light of the Financial Crisis, a critical review, by Andrew Mold, p. 12
\textsuperscript{18} OECD, 2009, Policy Ownership and Aid Conditionality in the Light of the Financial Crisis, a critical review, by Andrew Mold, p. 17
\textsuperscript{19} Dambisa Moyo, Dead Aid – Why Aid is not Working and How There is a Better Way for Africa, Farrar, Straus and Giroux, 2009, chap 5, p. 14
\textsuperscript{20} Paul Collier & al, Redesigning Conditionality, World Development, Vol. 25, No. p. 1401
donors conditions from the “purchase” of policy reforms to a periodic evaluation system of recipient countries’ achievements. Contrary to the inducement conditions, Collier’s approach is compatible with the objectives of selectivity, restraint and signaling.

In the World Bank discussion paper “Borrower Ownership of Adjustment Programs and the Political Economy of Reform”, Johnson and Wasty stress the interrelationship between programs outcome and borrower’s ownership. They focus their analysis on the governmental ownership of programs in the recipient countries. Based on the research, they argue that the countries which show a higher level of ownership had a rather stable political environment during the implementation of the program. Such condition, they state, ensures a durability of the policy reform. To the contrary, countries facing political uncertainties demonstrated a lower level of commitment with regards to the reform program. Domestic instability represented an obstacle that prevented governmental ownership. Furthermore, the perceptions of the political elite in countries with low ownership levels play an important role in reaching a general consensus toward the reforms.

Omotunde Johnson stipulates that repayment of debt is guaranteed not by conditionality but rather by country ownership. Johnson proposes a different conditionality framework based on ownership where donors’ efforts would focus on enhancing quality of life, country’s policy environment rather than loan success. Particularly, donors’ attention would be directed towards the applicability of the program, the country implementation capacities and the suitability of the country ownership. The suggested guidelines of the ownership assessment methodology include two types of indicators: “political legitimation indicator and economic model indicator.” The first type of indicator relates to the political environment of the country in terms of collective participation and consensus mechanisms in adopting large-scale policy issues. The second type would confirm the adequacy of the program with current and future economic policies of the country as well as its capacity to carry out the policies.

Allan Drazen also addresses the extent of compatibility between conditionality and ownership. He defines the principle of ownership of a program as “the extent to which a country is interested in pursuing reforms independently of any incentives provided by multilateral lenders.” Conditionality, he argues, can play an essential role even when an agreement on the terms of an assistance program is reached between the International Monetary Fund (IMF) and the recipient governments. In terms of private lending, he finds conditionality to be consistent with ownership in the sense that it may guarantee subsequent lending if fully respected. Concerning the IMF, Drazen states that the official view of conditionality is portrayed as a “commonality of interests” rather than a “conflict of interests.” This argument is in line with Collier’s “restraint” objective justifying the

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22 The World Bank, 1993, John H. Johnson and Sulaiman S. Wasty, Borrower Ownership of Adjustment Programs and the Political Economy of Reform
24 Allan Drazen is a Professor of Economics at Tel-Aviv University and University of Maryland.
use of conditionality where the donor and the recipient are in agreement. However, in cases where the IMF and a recipient government disagree on the objectives, the use of conditionality is preferable for the IMF in attaining its objectives while it is detrimental to the recipient country’s interests. All these scenarios omit a key stakeholder in the development program process: the people. According to the report published by the DAC Network on Governance (GOVNET) in 2009, domestic accountability can foster ownership and increase aid effectiveness in developing countries. According to this report, three conditions are essential in the interaction of a government with its citizens in terms of accountability: “transparency, answerability and enforceability.” This goes along with Johnson’s abovementioned argument about governmental ownership legitimacy and the active participation of the citizens in the policy reform process.

In a briefing paper published by the Department of Politic and International Relations, University of Oxford, Paolo de Renzio and co-authors identified four ways in which donors have contributed to weakening recipients’ ownership. First, the policies are donor-driven due to their control over the process. Second, the lack of coordination among the donors results in a fragmentation of the planning process. Third, the creation of aid dependency is used by the recipient countries to attract political support. This situation is created by the lack of focus of donors on the achievements and/or repayment capacities of the recipients when disbursing the grants and/or loans. Finally, in connection with the aid dependency factor is the state of subordination in which the recipients are found vis-à-vis the donors.

Among the suggestions formulated by Renzio in the aforementioned paper to address the ownership issue in foreign aid delivery are for the donors to reduce conditionality and reinforce accountability, to accept developing countries rights’ to decide on their own policy reforms, to be more transparent, and to focus more on supporting institutions and capacity building. The following can be added, to modify conditionality to include a result-based assessment in granting and renewing loans and funding.

Nonetheless, ending the use of conditionality in ODA is not a viable option. The fact of the matter is that donors are accountable to their tax payers with regards to the management of development funding. Despite the controversies, conditionality remains a necessity. However, the debate is still on going with regards to the types of conditionality and its scope.

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27 OECD, 2009, DAC Network on Governance (GOVNET), Aid and Domestic Accountability
28 OECD, 2009, DAC Network on Governance (GOVNET), Aid and Domestic Accountability, p. 6
On the implementation of the Paris Declaration

Current practices show that donors still exercise a predominant influence over the type of policies adopted by recipients’ countries. They also establish the required conditions for fund disbursement as well as determining how the fund is to be spent. Usually, the recipients agree to these conditions, knowing that they don’t have the capacities and sometimes the political will, to adhere to these conditions and deliver the expected outcomes. The structural adjustment program launched by the Bretton Woods institutions in the 1990s is an example of how the donors were able to exercise full control over the macroeconomic management of recipient countries that were further weakened by the debt crisis. Later on, this control extended to the policy design process and related matters.

An independent review of the Paris Declaration was conducted in 2011\textsuperscript{30} in order to determine whether or not the global commitments on aid effectiveness have been fulfilled. This review also examined the implementation of the Accra recommendations. This evaluation revealed that most of the targets had not been met, with the exception of the coordinated technical cooperation.

The challenges identified in this report are more political than technical. As per the findings, while some progress has been made towards the established 2010 targets, only few of them have been accomplished. It was revealed that of the thirteen global targets, only one was achieved globally. This target aimed at a coordinated technical cooperation based on the adopted national development strategies. Fixed at 50%, this target was met at 57\%\textsuperscript{31}. Nevertheless, it is noted that significant progress was made towards many of the remaining twelve targets. With regards to the principle of ownership, the Paris Declaration stated that at least 75\% of the recipient countries should have operational development strategies by 2010. As per the review report, only partial progress has been achieved in this area.

One of the challenges noted in this report was the difficulty for the recipient countries to link their strategies with their budget allocations. Therefore, the development priorities were not properly addressed due to lack of financial resources. Another issue is the level of participation of domestic actors in the policy processes. The participation of the local stakeholders in the elaboration and implementation of national development strategies was somewhat limited. A systematic mechanism favoring their continuous involvement in the whole policy process was nonexistent. According to some stakeholders, the participatory approach was superficial and limited to the consultation and information sharing stages. Thus local stakeholders lacked the capacity to influence the final policy decisions. There is also a feeling that the donors’ participation in the process is, in various occasions, excessive as they are in a position to exercise pressure in the consultative and negotiation phases.

Furthermore, the initiatives to encourage domestic accountability did not bear the expected results. A general view is that donors had used a particularistic method by supporting a single institution at a time rather than focusing on a system-wide approach. The incorporation of commitments on ownership and inclusiveness in the practices requires more effort from the donors. Particularly, weak states like Haiti and Somalia did not receive enough support to create a synergy among the different actors.\footnote[32]{OECD (2011), \textit{Aid Effectiveness 2005–10: Progress in implementing the Paris Declaration}, OECD Publishing. ISBN 9789264125490 (PDF), Chap. 2 – p. 34}

Killick and his co-authors argue that inefficiency and unproductivity in implementing the policy conditions is not simply due to a lack of ownership. The underlying cause is more profound and goes beyond the ownership issue. It results from an “interest-dominated” model of politics marked by the difference between the objectives and interests of the donors and recipient governments. In justifying their assertion, they identify various impediments to the effectiveness of conditionality to explain the real reasons behind such failure. The ineluctable conflict of interests rises from divergent perceptions based on both parties’ historical and institutional environment. Furthermore, the donor and the government are accountable to their own constituencies resulting in conflicts over the satisfaction of their specific priorities. One critical issue of conditionality identified by these authors is the resentment manifested by the recipient government vis-à-vis foreign intervention. There is a sense of diminished sovereignty that undermines the successful implementation of policy reforms. The fact, they argue, is that stronger conditionality is generally imposed upon poor and vulnerable countries.

A high level of bureaucracy is one of the contributing factors to aid ineffectiveness which in turn affects developing countries ownership. William Easterly touches on this issue of bureaucracy in foreign aid from both the donors and the recipients’ perspectives which he called “a cartel of good intentions”. He stipulates four characteristics of foreign aid bureaucracies: first, the redefinition of the output where the international and national organizations issue superficial reports focusing more on the fund disbursement level rather than the outcomes; second, the formulation of low-return observable output such a proliferation of international meetings, reports publishing and framework and strategy papers; third, the use of obfuscation to embellish aid efforts and last, the application of excessive administration focusing on coordination rather than competition.\footnote[33]{William Easterly, October 2002, \textit{The Cartel of Good Intentions: The problem of Bureaucracy in Foreign Aid}, p. 5} To support his argument, Easterly draws on many cases of failure showing the unproductivity of bureaucracy in implementing aid programs in Africa, Latin America and the Caribbean. For example, he states that the contradiction between “country ownership’ and the requirement that countries meet arbitrary Millennium Development Goals (MDGs) goes unnoticed.\footnote[34]{William Easterly, October 2002, \textit{The Cartel of Good Intentions: The problem of Bureaucracy in Foreign Aid}, p. 24}

Easterly also explains the unproductivity of bureaucracy in foreign aid by the fact they do not face the same kind of scrutiny as private institutions do on their actions. Moreover, aid bureaucracies often enjoy exclusive control over their fields of responsibility. This lack of competition is behind the failure of foreign aid in attaining the expected results. However, the aid organizations adopt a blame-sharing approach that makes it difficult to clearly identify who is at fault for shortcomings in aid delivery. Hence, the international aid community has evolved into a “cartel
of good intentions” which unites donor organizations pursuing diverse objectives. Such condition undermines transparency, and prevents critical evaluation and kills competition. Most importantly, it excludes recipient countries from this closed circle and diminishes their chances of ever gaining ownership of their development programs.

In an attempt to increase aid effectiveness and avoid a high level of bureaucracy, donors have been channeling a considerable portion of development funding through Non-Governmental Organizations (NGOs). Such phenomenon has been mostly noted during the past four decades. This is partly due to the fact that many international donors want to minimize the risks of corruption by recipient governments. Moreover, the flexibility and speed of action that characterize NGOs are, according to many, more effective tools in the fight against poverty than governments and large multilateral institutions that are likely to be hampered by bureaucracy. By the 1970s, NGOs were considered as a symbol of hope in the face of human suffering. Away from bureaucratic governments and ruthless market forces that leave behind the poorest, they represented a kind alternative. However, local governments sometimes consider the increased allocation of ODA funding through the NGOs as undermining their authority and ownership of their national development plan. Furthermore, some NGOs are often objects of suspicion and criticism for corruption, high administrative costs and failure to achieve the expected results.

As an example, when the NGOs proliferated in Haiti after the 2010 earthquake, there was widespread promotion of the necessity of respecting the needs and input of the Haitian people. According to the meeting coverage and press releases of the United Nations on the International Donors Conference “Towards a New Future for Haiti,” held on March 31, 2010, donors agreed to work in partnership with the Haitian government to adhere to a new social contract and to build on lessons learned. The Interim Haitian Reconstruction Commission (IHRC) was established to assist with the reconstruction projects. But as the money has flowed in, this dream of a collaborative partnership has failed to materialize. From the very beginning, NGOs followed their own agendas and set their own priorities, largely excluding the Haitian government, the civil society and particularly the victims of this disastrous earthquake. According to this press release, it was stated that “Haiti had the world largest number of non-governmental organizations per capita” which were working in a “highly fractured way”. While aspects of these criticisms may be valid, the achievements of some NGOs should not be underestimated in terms of advocacy and emergent capacities development.

On a different note regarding donor-recipient relationship, Dambisa Moyo affirms that “it is the economy that matters”. She reaches this conclusion by comparing the Western and China’s aid approaches in dealing with Africa. The Western method, she argues, gives “something for nothing” with no consideration for the outcome while China “demands returns” on its funding allocation. It is worth noting that the intentions of both groups of donors differ as well as their relationships history with Africa. Nonetheless, the expected outcomes from both converge in the sense that they primarily go towards their own interests.

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37 Dambisa Moyo, Dead Aid – Why Aid is not Working and How There is a Better Way for Africa, Farrar, Straus and Giroux, 2009, chap 10. p 152
These two different approaches can also be viewed from different angles. Many of former colonies view the Western intentions as a dominative and unequal partnership aimed at controlling the natural resources and protecting their investments from the colonialism era. The pursuit of such ascendance is greatly facilitated by the continuous underdevelopment and dependency of this region. While the Western intervention is based on ideological expansion, China’s intervention is motivated by economic expansion.

In many cases, development aid has created a mentality of beggar, aid dependent and victim which is highly detrimental to human growth. Human capital represents the best asset in which a country can invest. By progressively eliminating aid, the survival instinct engrained in every human being would kick in and allow them to find the road to sustainable growth. The situation is no different in much of Latin America and the Caribbean that share the same colonial past with Africa and are also slow in reaching an adequate level of economic and development growth.
Ownership, Development and Democracy

Based on the aforementioned comments on ownership and aid effectiveness, it should be noted that the common view on the matter argues that the application of this principle involves participation, transparency, accountability, good governance and anti-corruption policies. All these values are generally found in a democratic political environment. Therefore, the assumption would be that democracy could foster ownership and in turn development. Ownership in consolidated democracies, argues Faust, is mostly confined to procedural ownership in that there is a general consensus on core institutional characteristics and human rights. The situation is different in most developing democracies as they are still dealing with the challenging transition phase from autocratic regimes.

To ensure credibility of the country’s ownership of a program, Omotunde Johnson stresses the necessity of an active participation of the citizens in the process. This could be done either directly through the organization of a referendum or indirectly via the people’s representatives in the parliament. In order to be legitimate, the citizens’ acceptance must be obtained without coercion. According to Johnson, this requires some minimum of democratic rights of the people. Therefore, ownership requires political legitimacy and stability. However, reality has shown that the majority of foreign aid recipient countries showing a low level of achievements generally face political challenges in terms of democratic transitioning and consolidation.

On the contrary, Johnson and Wasty find limited evidence probing the influence of a particular type of political regime on the degree of commitment in the implementation of policy reforms. They corroborate their findings by comparing countries with similar political regimes but opposite level of ownership. For example, Turkey and Chili shared a similar type of autocratic regime. Nevertheless, Johnson and Wasty, state that Chili showed a higher level of ownership. They apply the same case to Kenya and Jamaica with more opened political regimes. While Kenya showed a high level of ownership, Jamaica had experienced an unstable level of ownership.

Faust suggests focusing on transparency instead of ownership as a requirement for achieving mutual accountability. The active participation of local authorities and civil society would not necessarily lead to greater and sustained policy ownership. However, it can contribute to more political transparency and accountability from recipient countries. For this to happen, donor countries must respect the right of recipient countries to elaborate their own policy reforms agenda. Faust proposes a mutual adoption of conditionality involving the donor and the recipient countries as well as domestic civil society actors. To be legitimate, this approach should be transparent.

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38 Jorg Faust, Policy Experiments, Democratic Ownership and Development Assistance, Development Policy review, 2010, 28(5) : 515-534
40 The World Bank, 1993, John H. Johnson and Sulaiman S. Wasty, Borrower Ownership of Adjustment Programs and the Political Economy of Reform, p. 9
41 Jorg Faust, Policy Experiments, Democratic Ownership and Development Assistance, Development Policy review, 2010, 28(5) : 515-534, p. 531
would further mitigate self-interested motivations, improve the outcomes for the impoverished populations, and reinforce the coordination of aid among the donors.

Jomo Kwame Sundaram and Anis Chowdhury argue that the good governance rhetoric has replicated the uneven rapport that has portrayed development from its initiation. It has contributed to the “North’s continued power and hegemony” in the South. Furthermore, they add, by promoting democracy as consistent within countries (leaving out the pertinence of democracy between countries), the governance rhetoric represents a safeguard for international organizations and relations that keep them away from democratic watch and place legitimacy on a world order that is essentially undemocratic.

In the same line of thought, Dambisa Moyo stresses that “the alternatives to aid are predicated on transparency, do not foster rampant corruption, and through their development provide the life-blood through which Africa’s social capital and economies can grow.” This argument also supports the claim that “democracy matters” in the sense that it provides a better environment for civil society to flourish and play an active role in the development process of their countries. As such, there is a better chance to foster transparency, combat corruption, choose the local representatives and hold them accountable.

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44 Dambisa Moyo, Dead Aid – Why Aid is not Working and How There is a Better Way for Africa, Farrar, Straus and Giroux, 2009, chap 5, p 75
Future Orientation of ODA

The new world configuration marked by increased inequalities and extreme poverty impelled the concerned parties to expand the scope of development actions to address issues such as climate change, natural disasters, economic and health crisis. The 2011 aid effectiveness review report was a key element in the Busan Forum. In 2011, a more inclusive group of ODA stakeholders reunited in Busan, Republic of Korea, to renew their partnership. This group comprised of donor and recipient countries, bilateral and multilateral donors, local and regional organizations, parliamentary, private and civil society organizations jointly adopted the Busan Partnership for Effective Development Cooperation.

Moreover, the emergence of numerous state and non-state actors has modified the development assistance architecture while exacerbating the complexities. The parties recognized that the attainment of a successful partnership for development relied upon the leadership of developing countries in addressing their real needs. As such, the intent was to strengthen, expand and operationalize the “democratic ownership” of recipient countries with regards to their development policies and processes. In a paper published by the International Development Association (IDA) in 2007, it is stated that ODA’s fragmentation can be detrimental to its effectiveness due to the associated costs. The latter represents an additional burden in recipient countries with already limited institutional capacities.

The Busan Partnership marked another decisive step in aid orientation. The new agenda expended the partnership between public and private sectors at the national and international level. Four shared principles were retained in this document to guide the new orientation of development assistance. As in the Paris Agreement, the concept of ownership came at the top of the priority list. The developing countries are to control their development priorities. The second principle is established on a result-based approach in implementing the development programs. As for the third principle, it aims at instituting an inclusive development partnership based on openness, trust, mutual respect and learning. The last principle calls for transparency and mutual responsibility among donors and recipients as well as their respective citizens.

The literature on development usually provides general recommendations on the conditions that promote development without a thorough analysis of the underlying causes of persistent underdevelopment in certain regions. Consequently, the prescribed recommendations usually fail to reach the intended goals or to forecast future trends of development. Jeffrey Sachs suggests using a methodical approach which he called “the differential diagnostics” to accurately identify the conditions, history, geography, culture, and economic structure of the countries trapped in poverty. A relevant choice of development policies can only be made country by country, taking into account the political, economic, social and cultural characteristics of each country.

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Killick, Gunatilaka and Marr propose a model of donor-recipient relationships established on rules such as ownership, selectivity, more support and dialogue. They stress that the successful implementation of policy reform programs will be more successful through the development of a long-term relationship between donor and recipient government based on trust.

Dambisa Moyo highlights the successful implementation of the concept known as “conditional cash transfers”. In the context of developing countries, Moyo affirms that this approach presents three advantages. First, it bypasses the government to avoid bureaucracies and corruption. Second, fund disbursements are result-oriented. Lastly, the money directly reaches the beneficiaries.

On a similar note, Easterly suggests the use of non-bureaucratic channels to directly assist the impoverished population of developing countries in an effort to counteract the bureaucracy accompanying aid delivery. He explains that such an approach would be implemented through the granting of cash to the poor, vouchers for public services, funding transit through NGOs and the contracting of the private institutions in delivering aid services.

This method is implemented by the United Nations Democracy Fund (UNDEF) which funds short-term civil society projects largely managed by local NGOs in Africa, Asia, Eastern Europe and Latin America. All the information from the selection process to the post-project evaluation is available online, therefore reinforcing UNDEF’s transparency in terms of aid delivery. Moreover, a final evaluation performed by an independent third-party completes the process. Such an approach reinforces mutual accountability from both the donor and the recipient organization.

From the beginning, ODA was conceived as a transitory approach. Sachs argues that aid is a temporary measure that supports poor country in launching their economy so that they can get on the roadmap to development. Moyo who advocates for an “aid-free world”, presents what she calls “a dead aid proposal” to progressively discontinue the ODA flow towards Africa over a period of five to ten years. She stresses that such an approach would foster true ownership to African developing countries where the governments could play the crucial role of strategist, coordinator and even financier.

In recent years, China has been shifting the paradigm in its development aid approach with regards to ownership and conditionality. The assistance is provided to developing countries, particularly in Africa, with lesser conditionality and no political interest in terms of ideological expansion. Its development assistance is economically motivated; therefore demanding more results from recipient countries. As stipulated by Moyo, in its pursuit of new markets to expand its economic dominance, China rather considers the African community as their business counterparts. As such, their involvement is purely a business deal that requires a return on investment from their African partners.

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48 http://www.un.org/democracyfund/about-undef
50 Dambisa Moyo, Dead Aid – Why Aid is not Working and How There is a Better Way for Africa, Farrar, Straus and Giroux, 2009, chap 5, p 76
Conclusion

In the view of many scholars, the use of Official Development Assistance did not accomplish the expected results in the developing world, let alone ownership. Their assertion is based on the study of empirical data related to the achievements and current position of most developing countries. In some instances, it was even been associated with undesirable outcomes. On one hand, we find thousands of aid organizations managing the billion dollar international aid industry. On the other hand are the aid-dependent developing countries that are still struggling to access the roadmap to development. At the center are the impoverished communities that are trapped in a vicious circle of extreme poverty and assisted development program that has all too often failed to meet their needs.

ODA is expected to grow over the upcoming decade as donors have committed to achieve the Sustainable Development Goals (SDGs) by 2030. According to the 2016 Development Cooperation Report published by OECD, the total ODA disbursement amounted to 132 billion in 2015. It is further stated that the investment needs to achieve the SDGs in developing countries are estimated at approximately 3.3 to 4.5 trillion per year. The challenge, stresses this report, “will be using the billions to unlock trillions for necessary investment”

Lately, the private sector’s involvement in delivering ODA has been substantial. There is a shift to secure more private funding investment in support to public resources. Louise Kantrow, the International Chamber of Commerce Permanent Representative to the United Nations, argues that despite its relevance, ODA is not sufficient to tackle the complexities of current global challenges. Therefore, securing private funding for the SDGs needs to be at the center of a “modernized and reinvented role” for ODA. Such trends can be viewed as a precursor to the adoption of future commitments and/or declarations in terms of a new ODA agenda. The impact of this new movement on the developing countries’ ownership is yet to be determined. As of now, the partnership is limited to the public and private sectors of the donor countries.

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