




# GLOBAL PARTNERSHIP FOR EFFECTIVE DEVELOPMENT COOPERATION

## WHAT IT MEANS FOR ADB



## Contents

<b>Partnering for more effective development</b>	3
<b>Principles for effective development cooperation:</b>	
<b>What do they mean for ADB?</b>	4
Country ownership of development priorities	4
Focus on results	4
Inclusive partnerships	5
Transparency and accountability	7
Support for fragile and conflict-affected states	7
<b>2014 Mexico High-Level Meeting priorities:</b>	
<b>What do they mean for ADB?</b>	8
South–South cooperation, triangular cooperation, and knowledge sharing	8
Domestic resources mobilization	8
Middle-income countries	9
Business as a partner in development	9
<b>What's next for the Global Partnership for Effective Development Cooperation?</b>	11
<b>What's next for ADB?</b>	11



Implementing effective development cooperation principles has helped ADB become a much more responsive, results-focused, transparent, and accountable organization

## Partnering for more effective development

The aid effectiveness agenda has evolved over the past decade from delivering “effective aid” to achieving “effective development cooperation” among all stakeholders. The **Global Partnership for Effective Development Cooperation**, launched in 2011 at the Fourth High-Level Forum on Aid Effectiveness in Busan, marked this shift in focus and highlighted the important role of partnerships based on shared principles, for achieving development results.

This emerging consensus has developed against the backdrop of changing aid architecture, including a proliferation of sources of development finance. Concessional finance from official sources—the traditional donors—has declined; and funding from nontraditional partners, including emerging donors and philanthropic organizations, and non-aid sources—such as remittances and foreign direct investment—has increased. In addition, more countries now have greater access to international markets. In this rapidly changing environment, merely managing official development assistance between traditional donors and recipient countries, based on the aid effectiveness principles agreed in Rome, Paris, and Accra, is not sufficient. Implementation of the Busan principles for effective development cooperation will be key to achieving development effectiveness in all regions.

At the First High-Level Meeting of the Global Partnership for Effective Development Cooperation in Mexico, in April 2014, partners committed to implementing the Busan principles and agreed on priorities to sustain progress toward effective development cooperation.

The Asian Development Bank (ADB) has participated in shaping these global principles. It has mainstreamed the principles into its policies and strategies, and continues to reinforce good practices in its operations. Strategic directions from ADB’s midterm review of Strategy 2020 reflect these principles and provide a framework for their continued implementation.

**This publication is intended to inform ADB staff and stakeholders on ADB’s international commitments on effective development cooperation, and highlight how ADB has been implementing them. It is also intended to guide discussions on partnerships at the country level.**

## Principles for effective development cooperation: What do they mean for ADB?

### Country ownership of development priorities

Partnerships for development will only succeed if developing countries lead this process. Development partners should align their work with the priorities and policies set out by countries, and ensure that their investments support the national development agenda. To achieve this, development partners will use country systems as the default approach and assess the extent to which their use is appropriate, provide budget support whenever possible, continue to untie aid, promote local procurement, and support countries to better manage the plurality of aid.

ADB uses country partnership strategies (CPSs) as the framework to engage with its developing member countries (DMCs) and to help them address their development needs and challenges. ADB ensures that CPSs align with DMCs' national development strategies and plans, and focus on priority areas in which ADB has comparative strengths. ADB's financial support to DMCs is untied. It uses various innovative instruments and modalities, including budget support, to address DMCs' specific needs. ADB also encourages local procurement wherever appropriate. ADB provides a tailored response to address each DMC's unique development challenges.

However, recognizing the increasing inequality and other development challenges in Asia and the Pacific, ADB will apply its differentiated country approach more rigorously, building its assistance to each DMC on a more comprehensive assessment of poverty, inequality, and binding constraints to inclusive growth. ADB will also continue to integrate an inclusive economic growth agenda in the design, implementation, and monitoring of CPSs.

### Focus on results

Development partners will strengthen country results frameworks and promote their use to better manage, monitor, evaluate, and communicate progress. This will provide a basis for scaling up support, strengthening national capacities, and leveraging additional resources.

## Milestones in the Global Journey from

The Millennium Development Goals (MDGs) are agreed.

MDG 8 on developing a global partnership for development recognizes the importance of inclusive international efforts.

Millennium Summit of the United Nations, New York

2000

Funding targets are set to achieve the MDGs.

Donor countries should allocate 0.7% of their gross national income to development assistance.

Financing for Development Conference, Monterrey

2002

Donors are asked to coordinate their activities to reduce transaction costs for recipients of development assistance.

High-Level Forum on Harmonization (HLF-1), Rome

2003

The Paris Declaration establishes five principles for aid effectiveness: country ownership of the development agenda, donor alignment with country priorities and systems, harmonization of donor policies, managing for development results, and mutual accountability.

Second High-Level Forum on Aid Effectiveness (HLF-2), Paris

2005

ADB uses CPSs and sector results frameworks as planning, monitoring, and evaluation tools to ensure that its operations help meet DMCs' development objectives. All CPSs have results frameworks that are aligned with country objectives. ADB also ensures that project design and monitoring frameworks align with CPS and sector results frameworks.

ADB has adopted a multitiered results framework to track its own performance as an organization, as well as the results of its operations. The framework also monitors the development progress of the region as a whole to ensure that ADB's strategy remains relevant to the needs of DMCs in the region.

ADB will strengthen its focus on results by more systematically applying results frameworks at the corporate, country, and project levels to measure and monitor the performance of its operations. ADB will ensure that CPS results frameworks measure achievements in reducing poverty, lowering vulnerabilities, and increasing inclusion. CPS results frameworks will include indicators to assess progress on inclusive growth and achievement of the Millennium Development Goals, in the context of the post-2015 development agenda. ADB will also review its corporate results framework in light of the strategic priorities of the Strategy 2020 midterm review.

## Inclusive partnerships

Development partners will ensure multistakeholder dialogue and cooperation to enhance broader ownership of the development agenda. Parliaments; national, local, and regional governments; civil society organizations; the private sector; philanthropic organizations; and other providers of development assistance should be included in country-level dialogues. Countries should be supported in managing this process.

Enhancing partnerships with a diverse group of institutions is one of the drivers of change under ADB's Strategy 2020. ADB partners with governments, the private sector, and a broad range of civil society organizations to ensure the quality, effectiveness, and sustainability of its operations. It holds consultations with a range of stakeholders, particularly when preparing CPSs.

ADB will further strengthen dialogue with all stakeholders in the preparation of its CPS and operations in each DMC. It will deepen its partnerships with multilateral and bilateral institutions, civil society organizations, and foundations. It will also enhance its partnership with the private sector in order to leverage additional resources and expertise to increase the development impact of its operations.

## Aid Effectiveness to Development Effectiveness

The Accra Agenda for Action upholds the Paris Principles, emphasizing the role of emerging economies, civil society organizations, and parliamentarians in development.

Third High-Level Forum on Aid Effectiveness (HLF-3), Accra

2008

The Bogota Statement commits partners engaged in South-South cooperation to deepen knowledge exchange and mutual learning.

The Dili Declaration proposes to counter conflict and fragility.

The Istanbul Principles provide guidance for the development work and practices of civil society organizations.

Bogota, Dili, and Istanbul

2010

The Global Partnership for Effective Development Cooperation embodies the shift from aid effectiveness to effective development cooperation.

Fourth High-Level Forum on Aid Effectiveness (HLF-4), Busan

2011

The Busan principles for effective development cooperation are reaffirmed.

Action is agreed on the priority themes of domestic resources mobilization, middle-income countries, business as a partner, South-South cooperation, triangular cooperation, and knowledge sharing.

First High-Level Meeting of the Global Partnership for Effective Development Cooperation, Mexico

2014



### **About the Global Partnership for Effective Development Cooperation**

The global partnership offers a unique platform for governments, the private sector, civil society, philanthropic organizations, and others to dialogue and work better together to end poverty. It was established in 2011.

The global partnership has a multistakeholder steering committee. During its first two years, the three ministerial-level cochairs were: Armida Salsiah Alisjahbana, Minister for National Development Planning, Indonesia; Ngozi Okonjo-Iweala, Minister of Finance, Nigeria; and Justine Greening, Secretary of State for International Development, United Kingdom. Multilateral development banks have one seat in the steering committee, and are currently represented by the World Bank. Bangladesh, Samoa, and Timor-Leste are the Asia and Pacific DMC representatives on the steering committee.

A joint Organisation for Economic Co-operation and Development–United Nations Development Programme support team serves as the secretariat for the steering committee.

For more information, see <http://effectivecooperation.org>

## Transparency and accountability

Development partners have committed to publishing aid information using an open, common standard by the end of 2015, as a part of the global International Aid Transparency Initiative (IATI). They will share timely, comprehensive, comparable, accessible, and forward-looking information to enhance mutual accountability and ensure that the gains made in transparency globally translate into real benefits for countries.

Under its Public Communications Policy, ADB recognizes the right to seek, receive, and share information, and thus makes information available to all stakeholders. The policy keeps ADB at the forefront of best practices in transparency.

ADB endorsed the IATI and already publishes data in accordance with IATI standards. ADB also joined AidFlows, a website that provides an aggregate view of data on official development assistance, including funding from development partners such as multilateral development banks and members of the Organisation for Economic Co-operation and Development.

ADB will continue to coordinate with partners in implementing the IATI common standard for information sharing.

## Support for fragile and conflict-affected states

Development partners reaffirm the urgent need to support fragile and conflict-affected states as they transition from fragility to resilience. Endorsees of the New Deal for Engagement in Fragile States will continue to fully implement agreed upon commitments to deliver results effectively to the poorest fragile states, and ensure that cooperation will help to reinforce stability and address the drivers of fragility at the country level.

ADB places high priority on supporting DMCs that are facing fragility and conflict. It has helped some of its DMCs in fragile and conflict-affected situations (FCAS) make a successful transition out of fragility and conflict. ADB adopted its Approach to Engaging with Weakly Performing Countries in 2007 to respond to the special challenges faced by such DMCs.

ADB's further support to FCAS will be guided by its 2013 Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations. Its future operations will be based on a better analysis and understanding of the drivers of fragility and conflict in DMCs categorized as FCAS. These DMCs will receive a greater allocation of resources, including at least \$3 million from the Asian Development Fund for small FCAS DMCs.

## Monitoring progress on effective development cooperation principles

The global monitoring framework, consisting of 10 indicators, tracks progress on implementation of the Busan principles and commitments for effective development cooperation. The indicators can be grouped as follows:

### Ownership and results

- Use of country results frameworks (indicator 1)
- Aid on budget (indicator 6)
- Quality and use of country systems (indicator 9)
- Untying aid (indicator 10)

### Inclusive partnerships

- Enabling environment for civil society organizations (indicator 2)
- Private sector engagement (indicator 3)
- Gender equality (indicator 8)

### Transparency and accountability

- Transparency (indicator 4)
- Predictability (indicator 5)
- Mutual accountability (indicator 7)

### Global Progress

The 2014 progress report reveals that commitment to the Busan principles by all stakeholders remains strong. Progress on the use of country systems is sustained, but alignment by development providers with national priorities needs to improve. There is a marked improvement in inclusiveness, and greater engagement of nonstate actors. There is progress on transparency and accountability, but they need to be geared toward countries' needs.

### Progress of Asia and the Pacific developing member countries

The progress of the region is mixed and varies across the 14 developing member countries that participated in the 2014 survey. Overall, the region has achieved progress in predictability and untying of aid. Accelerated action is needed on the use of country systems, and inclusive partnerships, including on gender equality.

### Global Partnership-related indicators in ADB's corporate results framework

- **Use of country results frameworks.** Almost all ADB operations in 2013 explicitly demonstrated links to country sector results, exceeding the 90% performance standard.
- **Use of country systems.** In 2013, 67% of ADB's sovereign operations used developing member countries' public financial management systems, while 33% used country procurement systems.

Source: Organisation for Economic Co-operation and Development (OECD) and United Nations Development Programme (UNDP). 2013. *Guide to the Monitoring Framework of the Global Partnership*. Paris; OECD/UNDP. 2014. *Making Development Co-operation More Effective: 2014 Progress Report*. Paris; and ADB. 2014. *2013 Development Effectiveness Review*. Manila.

## 2014 Mexico High-Level Meeting priorities: What do they mean for ADB?

The First High-Level Meeting of the Global Partnership for Effective Development Cooperation in Mexico committed to upholding the Busan principles for effective development cooperation. It reinvigorated debate on several themes and highlighted priorities—such as facilitating South-South cooperation and knowledge sharing, mobilizing domestic resources, supporting middle-income countries (MICs) and partnering with the private sector—to sustain progress toward more effective development cooperation.

The partnership called for stakeholders to strengthen efforts on these priorities. ADB supports these priorities, and has agreed to specific future actions as part of the strategic directions of the Strategy 2020 midterm review.

### South-South cooperation, triangular cooperation, and knowledge sharing

Development partners will continue to facilitate international cooperation and knowledge sharing at all levels. Country-led knowledge sharing can make a valuable contribution to enhancing national and local capacities. Partners will develop networks for knowledge exchange, peer learning, and coordination support to help countries better address their development challenges.

Under the midterm review, ADB committed to promoting knowledge dialogue with DMCs through its resident missions to generate joint knowledge solutions. It will also strengthen knowledge partnerships with multilateral development banks, policy and research institutions in DMCs, and other international institutions. ADB will take a lead role in promoting South-South knowledge sharing. ADB will also ensure that its own knowledge work is operationally relevant.

### Domestic resources mobilization

Development partners recognize the need to mobilize adequate public and private domestic resources to support development. To do this, they commit to support the strengthening of country tax systems and the combating of corruption, money laundering, and illicit financial flows. Development partners will support international cooperation and information exchange on tax matters, and will provide expertise, technical assistance, and capacity building on fiscal issues as required by countries.

Under its Second Governance and Anticorruption Action Plan, ADB will prioritize support for public financial management, procurement system improvements, and anticorruption measures. Through its public sector management programs, ADB will strengthen the management of public revenues, enhance and streamline tax systems, improve public expenditure management, and combat corruption. It will also help create transparent and predictable policy and legal regimes for private sector investment.

#### How do ADB developing member countries view the Global Partnership for Effective Development Cooperation?

- Developing member countries see the global partnership as a unique high-level multistakeholder forum to ensure the quality of aid.
- The global partnership has led countries to better coordinate and manage providers of development cooperation, and improve accountability. However, they seek support in strengthening their capacity to manage, given the dynamic development cooperation environment.
- Participation in the global partnership steering committee has increased their understanding of aid effectiveness principles, and helped them articulate their priorities and needs better to development providers.
- Developing countries feel that partners are making slow progress in aligning with country priorities and using country systems.
- Middle-income countries view it as a unique forum to highlight their needs to a range of development providers. They also value the opportunity to share their experiences with other regions' South-South providers at the high-level forums.



## Middle-income countries

Development partners will continue to support MICs in their efforts to overcome their development challenges. Partners need to devise methodologies to better account for the complex and diverse realities of MICs, and to provide an improved basis for flexible, targeted, and differentiated strategies for effective development cooperation with them. Partners will also support MICs in recognition of their role in South–South and triangular cooperation.

ADB will partner with MIC clients in new ways. MICs have greater institutional capacity, more resources of their own, and access to more diverse sources of finance. Their expectations for knowledge, global and regional connectivity and cooperation, and exchange of ideas have become increasingly sophisticated. Thus, to remain relevant and effective in MICs, ADB will adopt differentiated approaches to address their particular needs, as set out in the midterm review. It will support lower MICs in the areas of inclusive growth, infrastructure development, and governance; and will partner with upper MICs as a provider of catalytic solutions, finance, knowledge, and innovation. It will encourage the use of country systems, which will reduce transaction costs for these countries.

## Business as a partner in development

Development partners recognize that business contributes significantly to poverty reduction, and they therefore emphasize the importance of promoting an enabling environment that fosters inclusive and sustainable development. They will help develop innovative public–private finance mechanisms and scale up private financing for development based on national priorities.

Partnering with the private sector for sustainable development is one of ADB's strategic priorities under Strategy 2020. ADB will strengthen the business environments in DMCs to promote private investment. To support public–private partnerships, ADB will increase its emphasis on helping countries build the necessary regulatory and institutional frameworks. It will also support public–private partnership project development, and provide transaction advisory services. It will explore innovative financing solutions for its DMCs, including through credit enhancement products and local currency financing.

## First High-Level Meeting of the Global Partnership for Effective Development Cooperation 15–16 April 2014, Mexico City

More than 1,500 development partners worldwide gathered to review global progress in making development cooperation more effective, agree on actions to boost progress, and discuss the post-2015 development agenda.

ADB supported the preparations for the Mexico meeting, and ensured that Asia and the Pacific perspectives were reflected in the Mexico Communique. ADB, jointly with Inter-American Development Bank and the International Fund for Agricultural Development, organized a focus session on “Middle-Income Countries and Multilateral Development Banks (MDBs): Effective Development Partners.” As part of the MDB working group on aid effectiveness, ADB significantly contributed to the harmonized position of MDBs on all substantive themes discussed at the high-level meeting.



ADB Vice-President Wencai Zhang (second from left) highlighted challenges faced by the middle-income countries (MICs) in Asia and the Pacific, and reiterated the need for continued support to these countries. He shared ADB's proposed differentiated approach for its MICs under its Strategy 2020 midterm review.

“Middle-income countries need to improve productivity, mainstream innovation, catalyze private sector financing, adopt international best practices, and integrate more into the regional and global economy. ADB can play an important role in supporting these efforts by tailoring its assistance to country-specific conditions. At the same time, ADB can closely work with these countries in promoting South-South cooperation. It is my strong belief that ADB should remain a relevant and important partner to middle-income countries.”

—Opening address by ADB President Takehiko Nakao at the 47th Annual Meeting of the Board of Governors in Astana, Kazakhstan, on 4 May 2014



## What's next for the Global Partnership for Effective Development Cooperation?

- The global partnership steering committee is being reconstituted. Two of the three new cochairs are José Antonio Meade Kuribrena, Secretary of Foreign Affairs, Mexico; and Lilianne Ploumen, Minister for Trade and Development, the Netherlands.
- High-level meetings of the global partnership will be convened every 2 years.
- The Republic of Korea will host an annual international workshop to review the implementation of the Busan commitments.
- The global partnership will undertake a comprehensive review of the global monitoring and reporting arrangements by end 2015 or early 2016, in light of the post-2015 framework.
- The global partnership offers a more effective means for implementing the post-2015 development framework. The steering committee has a mandate to ensure that the global partnership messages feed into the post-2015 development agenda. The challenge would be to determine how the implementation of the post-2015 agenda integrates the Busan principles of country ownership, focus on results, inclusive development partnerships, and transparency and mutual accountability.

## What's next for ADB?

ADB will continue to actively engage in the global partnership agenda and keep stakeholders in Asia and the Pacific informed. ADB will implement better the global partnership principles through its policies and operations by, among others:

- aligning better its country strategies and operations with country priorities and increasing the use of country systems;
- strengthening country partnership strategies' results frameworks by including indicators to assess progress on inclusive growth and achievement of the Millennium Development Goals, especially in the context of the post-2015 development agenda;
- continuing to work with partners to achieve a common standard for information sharing to enhance transparency and accountability;
- providing more effective support to DMCs characterized as FCAS based on an improved understanding of the drivers of fragility and conflict;
- revitalizing ADB's business model to become more innovative and knowledge-based to address the evolving needs and expectations of its DMCs, including MICs; and
- strengthening business environments in DMCs to promote private investment, and exploring more innovative financing solutions.

ADB will also support its DMCs in better understanding the global partnership principles and the implications of the changing financing landscape at the country level.

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## Global Partnership for Effective Development Cooperation

*What it means for ADB*

The aid effectiveness agenda has evolved over the past decade and shifted the focus from delivering “effective aid” to achieving “effective development cooperation.” The Global Partnership for Effective Development Cooperation, launched at the Fourth High-Level Forum on Aid Effectiveness in Busan in 2011, marked this shift, and highlighted the importance of partnerships based on shared principles for achieving development results. The first High-Level Meeting of the Global Partnership in Mexico in 2014 upheld these principles and agreed on priorities to sustain progress toward effective development cooperation.

ADB has participated in this development effectiveness journey. It remains committed to the Busan principles that guide effective development cooperation. ADB will focus on priorities highlighted at the Mexico meeting, as part implementing its Strategy 2020 midterm review strategic directions for the future.

This publication discusses the priorities and principles put forward by the Global Partnership for Effective Development Cooperation, and highlights how ADB has been implementing these priorities and principles. This knowledge product is intended to inform ADB staff and stakeholders on ADB’s international commitments on development effectiveness, and guide discussions on partnerships at the country level.

### About the Asian Development Bank

ADB’s vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region’s many successes, it remains home to approximately two-thirds of the world’s poor: 1.6 billion people who live on less than \$2 a day, with 733 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



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