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Leaving the Owners behind?

Ownership in times of Sustainable Development Goals and Emerging Donors.

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Ownership is defined as the leadership of partner countries over their development policies and strategies. Despite the wide recognition from the donor community of *ownership* as a central principle of development policy, the implementation of the concept is still meager. The Global Partnership for Effective Development Co-Operation, for example, indicates that only 1 out of 2 development payments is disbursed using recipient's public management and procurement systems. For at least 20 percent of development funds donors and not recipients make procurement choices. New trends, however, might strengthen the ownership-principle. First, the Sustainable Development Goals have nominally eliminated the "developing-developed world"- dichotomy and offer an ideological vehicle to foster relations at eye-level. Second, emerging donors such as China offer new cooperation models which, according to some commentators, directly contribute to country ownership by applying "no conditions".

Keywords: *Aid Effectiveness, Ownership, International Cooperation, Development Cooperation, Emerging Donors, Sustainable Development Goals*

"We can no longer continue to make policy for ourselves, in our country, in our region, in our continent on the basis of whatever support that the western world or France, or the European Union can give us. It will not work. It has not worked and it will not work" (Nana Akufo-Addo, President of Ghana, Accra on 2nd Dec. '17)

Not only the Ghanaian president but the majority of recipient and donor countries promote the idea that effective development policies must be led and owned by the developing country. Despite several high-level commitments from almost all countries involved in development cooperation, little appears to be done to put the aid recipient countries in the driver's seat.

The 2016 monitoring report of the Global Partnership for Effective Development Co-operation (OECD/UNDP, 2016), the leading multilateral platform to advance ownership, indicates that only roughly 50% of development funding is disbursed using recipient country's systems (budget execution, auditing, procurement). It also states that the proportion of untied aid, meaning aid that does not come with the obligation to procure from certain sources (often from donor countries), has not grown substantially in recent years and remains around 80%. Lastly, the lack of predictability of development funding by donors is interfering with efforts of recipient countries to manage funds effectively. Most of

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Democratic Ownership — The second dimension of ownership

Ownership usually consists of two components: Country (managerial) ownership and democratic ownership. Democratic ownership refers to domestic aspects, in contrast to interstate aspects of policy making. It prescribes that various internal actors such as civil society organizations are included in the determination of national development „[...] in a mutual and interactive process, that is framed by a democratic process." (Hauck, 2011).

the literature (e.g. Hasselskog et al., 2017; Dornan, 2017) agrees with the necessity of enhancing ownership in international cooperation.

This paper looks at two defining trends in the context of development assistance: the paradigm shift towards "every nation is a developing nation" within the Sustainable Development Goals (SDGs), and the emergence of the so-called new donors, asking whether or not these developments might enable or speed up the implementation of ownership?

The importance of country ownership

The concept of ownership first assumed prominence in the late 1990s with the failure of the structural adjustment programmes of the World Bank and the International Monetary Fund. The approach of setting the agenda for development "from outside" had proven ineffective with often devastating consequences for the economies of receiving countries. A growing consensus developed amongst donor countries that partner countries should play a more active role in the planning and implementation of development policies and projects. Ownership was considered an indispensable prerequisite for the effectiveness and sustainability of development: through more active participation, partner countries and target groups would identify with development efforts and consider them "their own", which in turn would guarantee their long-term success. Simultaneously, the concept of ownership was regarded as a remedy for the underlying paternalism of donor-recipient relationships by strengthening the ability of national governments to set their own development agenda, based on their priorities and needs.

The Paris Declaration on Aid Effectiveness (2005) adopted ownership as one of the five principles guiding development cooperation and defined it as follows: "Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions." According to the Paris Declaration, ownership implies a commitment by partner countries to take the lead in developing and enforcing national development strategies, to translate them into results-oriented programmes and to manage aid coordination at all levels. At the same time, donor countries commit to respecting and supporting the partner countries' leadership.

In 2011, the Busan Partnership Agreement was formed, which renewed the commitments of the Paris Declaration and included a wide range of development actors from the private sector, civil society and the emerging economies, the so-called "new donors" like China, Brazil and India, next to the traditional donor countries, totaling 160 signatories.

The Sustainable Development Goals as a promoter of ownership?

In 2015, state-leaders from all 193 UN member countries signed *The Agenda 2030 for Sustainable Development*, which started as the successor of the Millennium Development Goals, but going far beyond in scope. It defines Sustainable Development Goals (SDGs) for nearly all fields of public policy (e.g. poverty reduction, urbanization, health care, industrialization or gender equality) and, more importantly in this context, it does so for every involved country, be it high or low-income, donor or recipient country of development aid. All countries are subject of the SDGs and in that sense, all countries are *developing countries*. This universal application is often described as a paradigm change. Similar to the framing of climate change as a genuine global problem in the Paris Agreement on Climate Change, the SDGs define problems such as poverty, health and inequality as global issues and stress the importance of *global partnership* to address common problems.

The question is, whether the paradigm shift of the SDGs can lead to less asymmetric forms of cooperation between donor and recipient countries and which factors may support or inhibit this development.

As the Agenda 2030 is mainstreamed into all fields of international cooperation, it is likely that the SDG narrative of "*we are all developing*" trickles down into project planning and exerts direct influence on practices. Although the SDGs are non-binding, there is precedence that those agreements can exert influence and change practices in the long-run. The Universal Declaration of Human Rights can be seen as an example, which is often referred to in human rights cases despite its non-binding character.

Low levels of trust from donors in the public management systems of recipient countries can be a constraint to transfer full control of funds to those countries. Increased capacity building — as a measure to overcome distrust and enhance the abilities of recipient countries to deal with aid transfers — is an option to overcome the lack of country ownership and implement *global partnership* as outlined in the SDGs.

Another suggestion to meet ownership provisions in cooperation projects is the concept of Unconditional Cash Transfers (UCTs). UCTs are cash payments that are provided to the population in need without requiring anything in return. Many government programmes have started to implement these programmes with the help of traditional donor institutions and more and more, non-governmental institutions start adopting the concept. GiveDirectly for example, an US-American nonprofit organization is claiming to "reshape international giving" by sending money directly to people living in extreme poverty, leaving it to the recipients to decide what to do with the money.

Yet, it is also argued that the main cause of lacking country ownership, the direction of aid flows from North to South, will not be reversed in the SDGs' framework. As long as development processes are funded by external donors that are accountable to their constituencies and influenced by their own interest, recipients' country ownership faces substantial barriers.

In order to finance the large sums necessary to accomplish the SDGs, private sector investments are envisaged to increase substantially. This could prove to undermine country ownership, as countries with limited administrative capacities might find it hard to check, whether incoming private sector engagements align with the interest of the public. Although this is not a new issue, the potentially increased level of private investments and the melting of private and development cooperation actors might make this task more difficult.

Emerging donors as advocates of ownership?

Due to increased financial and political capital, the so-called emerging economies, e.g. Brazil, Mexico, India, Russia, Saudi-Arabia and most famously China, have joined and enlarged the club of donor countries. There are several indications that the topic of ownership plays a crucial role in the new donor development cooperation. Looking for example at the New Development Bank (NDB), a multilateral development bank established by the BRICS states in 2014, the stakeholders involved stress the importance of collective policymaking. Non-interference and national sovereignty are depicted as guiding principles. Similar wording is guiding the development project of Chinese policymakers. In a State Council White Paper on Development Cooperation, it is emphasized that China is "imposing no political conditions, [...] respects recipient countries' right to independently select their own path and model of development, and believes that every country should explore a development path suitable to its actual conditions" (The People's Republic of China, 2011). By stressing a foreign and development policy of non-interference, China declares to put full ownership in the hands of the recipient countries .

The employment of merely Chinese companies and labor force when building infrastructure in developing countries and the exploitation of natural resources in exchange for political favors are factors thwarting these guiding principles of country ownership. However, the existence of an increased number of donors and an increased variety of development cooperation models improves the bargaining situation of recipient countries vis-à-vis their donors. Assuming that recipient countries opt for increased ownership and that donors compete for access to development projects — which is confirmed in the literature (Fuchs, Nunnenkamp, Öhler, 2015) – the leeway to change conditions to more favorable terms for the recipient country is much higher.

SDGs and Emerging Donors — a chance for country ownership?

Ownership – defined as the active participation of aid recipients in the planning and implementation of development projects – is one of the key principles of development cooperation. The adoption of the Sustainable Development Goals can foster higher levels of ownership by the fact that all countries – whether industrial, emerging or developing – are targeted to develop more sustainable ways of living. This innovation departing from the Millennium Development Goals presents a *window of opportunity* to establish relations between donor and recipient countries at eye level. The same can apply to the emergence of new donors and private sector funding. Being able to choose between different funding sources introduces an advantage to aid recipients by improving the leeway to change conditions. Trilateral cooperation, civil society engagement and good governance is needed, however, to make sure this leeway is used to serve the public interest of the receiving countries.

This briefing paper is based on a panel discussion at the 2018 Development Policy Discussion Days, an annual event organized by the Centre for Rural Development (SLE) in cooperation with the Heinrich Böll Stiftung. The panelists were:

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Team Consult - Company for Project Management and Organisational Development

Gottfried von Gemmingen
German Federal Ministry for Economic Cooperation and Development (BMZ) , Division 300 - 2030 Agenda for Sustainable Development

Nadine Karmann
Plan International, Germany (Video Input)

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