



## Home-owned and Home-grown: Development Policies that Can Work

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- ◆ “Ownership” makes aid work better when recipients can choose between policy options.
- ◆ Governments need to encourage home-grown development strategies and free local policy debates.
- ◆ Policy conditions on aid don’t work.

The true value of the Accra High-Level Forum on Aid Effectiveness lies beyond technical discussions between experts about indicators. Participants will be exploring just what aid effectiveness really means in the wake of the 2005 Paris Declaration.

The first of the Declaration’s five principles is “ownership”. It occurs when partner (i.e. recipient) countries “exercise effective leadership over their development policies” and “co-ordinate development actions”. The indicator to measure progress is the extent to which countries have “operational development strategies”: code for the poverty reduction strategy papers (PRSPs) demanded of governments by the World Bank and International Monetary Fund.

In its latest review of PRSPs, the World Bank finds that 8 of the 62 recipient countries surveyed have “largely developed” operational development strategies, while most others have at least “taken action” in putting together such a strategy.

PRSPs help focus policies on the achievement of the Millennium Development Goals, but can a document drafted with donor participation – and subsequently assessed by donors for its quality – be truly “owned” by its drafters? “Ownership”, in this case, could just be a euphemism for developing countries’ adoption of externally-conceived policies.

Aid recipients still lack real choices between policy frameworks. Of the annual \$1.3 billion in aid for development-related research, 94 per cent is spent on

research in OECD countries themselves<sup>1</sup>. Donors, thus, remain dominant in the production of development knowledge.

Then there is conditionality. Donors cling to policy conditions to lock in a government’s commitment to reform. However, experience shows that policy conditions fail to bring about reform, not least because donors are unable to enforce them properly. Moreover, linking aid to the adoption of policies clearly undermines ownership by stifling national debate about choices and by shifting governmental accountability towards donors rather than citizens.

The relationship between governments and citizens raises a further critical question: does country ownership imply government ownership?

Governments prefer the policy process to be centralised in national capitals, but recognise that aid is more effective when parliaments, local governments and civil society actors are engaged in the design of policies and monitoring their implementation. This recognition has implications for what we mean by “ownership” and extends it beyond national governments.

Political reality, however, means that local actors are still often sidestepped by national governments and donor agencies<sup>2</sup>. The former don’t want interference from alternative power bases, while the latter are more comfortable channelling their aid through government budgets or non-governmental partners from donor countries.

1. An Initiative to Strengthen Policy Analysis in Developing Countries, The William and Flora Hewlett Foundation, February 2006. Available at <http://www.hewlett.org/Programs/GlobalAffairs/Thinktanks/>.

2. Zimmermann, F. and I. McDonnell (2008), “Broader Ownership for Development”, *Financing Development: Whose Ownership?*, Development Centre Studies, OECD, Paris.

Here are four ways in which policy makers should broaden "ownership":

### 1. Attack the barriers to local knowledge production

More home-grown knowledge would provide aid recipients with greater policy choice, more tailored solutions to development problems and a stronger bargaining position vis-à-vis donors. Support for university research institutes and think tanks is essential and should be increased. Local NGOs, parliaments and the media require greater capacities to understand and engage in technical policy dialogue on development finance.

### 2. Enforce local legal frameworks for participation

Broader ownership requires countries to guarantee the right to assemble and freedom of information, and to repeal laws that censure investigative journalism. More generally, governments should protect the constitutional role of parliaments and reinforce national institutions such as auditors and anti-corruption commissions. Together, governments and donors should communicate more actively about loan agreements and the conditions attached to them.

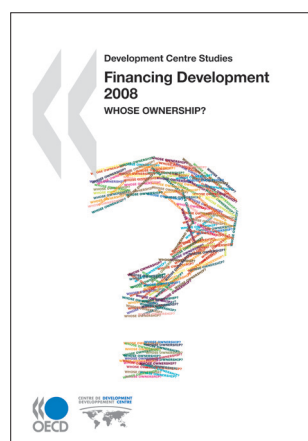
### 3. Improve monitoring mechanisms for ownership

Policy makers should think about more legitimate and diverse mechanisms to monitor ownership under the Paris Declaration. Currently this function is performed primarily by the World Bank, which, like all donors with a stake in aid programmes, can hardly be seen as an independent arbiter of ownership.

### 4. Review approaches to conditionality

Some donors have begun experimenting with performance-based conditions in aid agreements. As yet, such conditions are untested and bear risks: natural disasters or economic crises can put performance beyond a country's control. But such risks could be factored into aid contracts. In any case, donors insisting on policy conditions may soon find themselves sidelined – many developing countries have found alternative official and private sources of finance that come with fewer strings attached.

Policy makers in Accra can restructure and reshape aid policies; they can go further than the Paris Declaration and redefine what we mean by "ownership". If they are serious about making aid effective, they must.



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