

## Report on Bangladesh Participation in the First High Level Meeting of the Global Partnership for Effective Development Cooperation Mexico City, 15-16 April, 2014

The first High Level Meeting of the “Global Partnership for Effective Development Cooperation” took place in Mexico City on April 15-16 (**Agenda of the meeting is attached as Annex 1**) to :

- review global progress in making development co-operation more effective;
- agree on actions to boost progress; and,
- anchor effective development co-operation in the post-2015 global development agenda.

Over 1300 participants from over 130 countries including heads of state and government, ministers, parliamentarians and leaders from international organisations, business, civil society and foundations attended the meeting to reaffirms the importance of effective development co-operation in meeting the MDGs and as a key part of the ‘how’ of the next global development framework.



Hon’ble Finance Minister Mr. Abul Maal A Muhith MP led the Bangladesh delegation in the meeting, which among others also included the Cabinet Secretary Mr. M Musharraf Hossain Bhuyan, ERD Secretary Mr. M Mejbahuddin and Mr. Kazi Nabil Ahmed MP. The two day long High Level Meeting was formally inaugurated on April 15 through a opening ceremony which was attended among others by Secretary General of the United Nations Ban Ki Moon, Secretary General of the Organisation for Economic Co-operation and Development (*OECD*) Angel Gurría and President of Mexico Peña Nieto.

The meeting included 5 plenary sessions and 37 focus sessions on a range of critical themes for development (**Summary of the 5 Plenary Sessions is attached as Annex 2**). The meeting came up with a joint Communiqué called ‘Building Towards an Inclusive Post-2015 Development Agenda’ accompanied by 39 new initiatives to push forward effective development co-operation worldwide. (**The final Communiqué attached as Annex 3**)

**Inaugural Speech of UN Secretary General Mr. Ban Ki Moon:** Mr. Ban Ki Moon expressed a strong collective commitment to work better together to reduce poverty, create equitable growth and meet the Millennium Development Goals. He mentioned that as the 2015 deadline draws near; all of the development actor must do more to deliver on commitments made in Busan. The international community must be committed to supporting the future goals and targets through a renewed global partnership. The Monterrey Consensus and Doha Declaration provide the basis for the financing framework beyond 2015. This framework must be broad – encompassing aid, trade, debt sustainability and macroeconomic stability. Resources must be mobilized from all sources--national, international, private and public. For the least developed countries, countries in conflict and others that are largely bypassed by international financing flows, official development assistance will remain vital. ODA can also serve as a catalyst, enabling countries to leverage other sources of finance.

The UN Secretary-General told that the effectiveness of development aid is just as important as the levels. The results from the monitoring of the Busan commitments underscore the challenges. Much greater progress is needed to increase country ownership, accountability, predictability and flexibility in how aid is provided. He encouraged by the steps that recipient developing countries are taking to set clearer development strategies and ensure inclusive national ownership through effective coordination systems and greater parliamentary oversight. This contributes to greater transparency and accountability for all development partners. But more needs to be done to tackle corruption, improve regulation and engage with civil society. He emphasized to mobilize domestic resources by broadening tax bases; strengthening tax administration; improving governance of extractive industries; and cracking down on illicit financial flows at both the point of origin and the point of destination.

The world has moved on from the traditional donor-recipient relations. South-South Cooperation has registered impressive growth that is bringing new knowledge and new perspectives. The private sector has become eager to increase its engagement, not just because there are business opportunities but because they see the value in ethical business and in helping to improve people's lives. Civil society is also an increasingly essential partner in delivering services, monitoring progress and strengthening accountability. The stage is set for wider, deeper progress. The world is at a turning point in its pursuit of sustainable development. Addressing the gathering, he mentioned that the lessons of the MDGs in our hands. We are in the midst of a rich global discussion on our shared future, with a new set of goals taking shape. There is growing awareness that climate change is not just a threat but also an opportunity to reorient our economies for the better.

**Summary of major Bangladesh interventions:** Overall, the major Bangladesh interventions during the HLM focused on

- Need for Southern countries to share information, ideas and knowledge on South-South Cooperation and development successes
- Domestic resource mobilization in Bangladesh and achievements over the past years in improving tax/GDP ratio
- Need for DPs to use country systems (PFM, procurement, results frameworks)

- Need for donors to report aid flows to national aid information management systems
- International commitments of DPs regarding LDCs (Istanbul programme of action etc)

**Hon'ble Finance Minister's Interventions:** During the Plenary session on **South-South Cooperation, Triangular Cooperation and Knowledge Sharing**, the Hon'ble Finance Minister as a Panelist highlighted the benefits of South-South Cooperation in the field of trade, investment, labor migration and knowledge sharing. He underlined the need for Southern countries to share information, ideas and knowledge on South-South Cooperation and development successes. He announced that Bangladesh is willing to host an International Institute for Southern Innovation. He also highlighted success stories of Bangladeshi civil society in the field of micro-credit and non-formal education, with Bangladeshi CSOs such as BRAC working world wide with other partners from the South to replicate Bangladeshi development innovations. The Hon'ble Finance Minister underlined that financing for South-South Cooperation remains a challenge. There is a need to get an overview of SSC flows and gaps across the globe.



**The Finance Minister** also made a strong case for domestic resource mobilization for development during the Focus Session on **Domestic Resource Mobilization (DRM)** where also he was a Panelist. He opined that Bangladesh's development environment has focused on domestic development and export driven economic growth. As a consequence decent growth rates have helped it reduce poverty as well as inequalities. He also mentioned that domestic resource mobilization has been a key source of financing its development. Revenue as a percentage of GDP has increased by 3% from single (around 8-9%) to double digits (10-13%) during 2008 to 2013. The key behind such an increase of government revenue is (i) political will (ii) effective tax legislation (iii) highly qualified man power (iv) limiting tax exemptions. The IT revolution has also helped to achieve greater transparency. Share of capital expenditure to recurrent expenditure has improved but implementation of capital investment is problematic, and that is what kept the investment growth in the low income countries rather low or negative.

He underlined that an increase in Domestic Resource Mobilisation should not serve as a reason to reduce ODA.

Later, he also took part as a Panelist in the Focus Session on **Development Cooperation in Post-2015 agenda: where to find resources**". He highlighted that Bangladesh's very challenging development environment has not stopped it from making progress against the MDGs. Bangladesh focused on domestic demand acceleration and export expansion driven economic growth. As a consequence decent growth rates have helped it reduce poverty as well as inequalities. Bangladesh is one of the few countries in the world where poverty and inequality have been reduced simultaneously. He referred to the government's promising new Social Protection Policy where domestic resource mobilization has been a key source of financing its development. Tax as a percentage of GDP has increased from single (around 8-9%) to double digits (10-13%) between 2008 and 2013. Share of capital expenditure to recurrent expenditure has improved but implementation of capital investment is problematic, keeping the ratio lower than targeted. While developing countries are making strides in improving their domestic resources mobilization, ODA should continue to play an important role beyond 2015. Existing ODA commitments must therefore be fulfilled. Rich countries must support domestic resource mobilization in developing countries, through short term interventions to boost investment. Support of investment in infrastructure and 'hard' sectors needs to happen along the support to soft sectors such as education and health.

**Cabinet Secretary's Statement as a Panelist:** Cabinet Secretary Mr. M Musharraf Hossain Bhuiyan as a Panelist of the Focus Session on '**Managing Diversity for Effective Development Cooperation**', said that despite some progress in this regard, development aid in Bangladesh is still significantly fragmented in terms of sectors and the number of donors involved. The number of active donors is increasing in many sectors, while the amount disbursed to these sectors is decreasing. 94% of aid in Bangladesh is project aid and does not come under potentially more harmonized aid modalities, such as budget support. Fragmented aid comes with high transaction costs. It also brings along a focus on small project results rather than on broader national priorities. In response to this aid fragmentation in Bangladesh uses the Local Consultative Group (LCG) for dialogue between government and donors. This LCG provides an enabling environment for collaboration and improved partnership. The Joint Cooperation Strategy between donors and government spells out some measures that can reduce aid fragmentation. Finally, the governments' Development Results framework and the related sector results frameworks which are being developed will hopefully allow for stronger alignment with government priorities defined in the Perspective Plan and the Five Year Plans.

On 14th April- a day before the meeting, Cabinet Secretary Mr. M Musharraf Hossain Bhuiyan participated as a Panelist on "**Ownership and Results - How to accelerate progress in strengthening country system through greater use**". The panel discussion was part of the pre-event workshop on "Unfinished business: Moving forward to meet Busan's commitments." Mr. Bhuiyan in his speech identified three practical ways for development partners to use country system in their development cooperation: (i) use of country public financial management and procurement systems (ii) use of country aid information management

systems (iii) use of country results frameworks. He highlighted the efforts by the Government of Bangladesh to strengthen its public financial management and public procurement systems through various reforms over the past years. In spite of these efforts, the use of country PFM systems by donors in Bangladesh is confined within some sector and multi-donor-funded projects. Donors refer to fiduciary risks as an explanation for the fact that they do not use government's systems. However, with strong joint monitoring and evaluation, such fiduciary risk can be avoided. More delegation of authority by donor headquarters to donor country offices would also be welcome, as donor country offices are better placed to assess and monitor the local situation. Mr. Bhuiyan underlined the need for donors to use recipient countries' Aid Information Management Systems. Timely, forward-looking and comprehensive information on aid flows is essential for recipient countries to do solid development planning, monitoring and to coordinate development partners in a meaningful way. Quality of donor data is important. Government is not always able to verify donor data. Government also lacks data on aid provided by donors outside of the government sector. Mr. Bhuiyan also mentioned the importance of using country results frameworks, Bangladesh developed a Development Results Framework (DRF) with its donors which has been incorporated in the Sixth Five Year Plan. Joint evaluation of progress, by donors and government, against national macro- and sector level indicators is essential for effective development cooperation. Overall, in order to strengthen ownership, leadership and use of country systems, recipient countries need strong policy and legal frameworks; strong institutions; strong individuals. Bangladesh' "Joint Cooperation Strategy" spells out key commitments by government and donors to make development cooperation more effective. It helps Bangladesh in achieving ownership, leadership, results and a more harmonized approach to development cooperation. Dialogue between government and donors through the "Local Consultative Group" has also improved the quality of development cooperation and allowed the government to take stronger leadership.

**Parliament Member's Intervention:** Member of the Bangladesh Parliament Mr. Kazi Nabil Ahmed who took part in a meeting of parliamentarians from participating countries, discussed the oversight role of parliament in effective development cooperation. The need to develop strong capacities of parliaments was underscored by participants.

**Secretary ERD's Intervention:** ERD Secretary Mr. Mohammad Mejbahuddin who was also closely involved in the preparation of the "Mexico HLM Communiqué", emphasized the needs of tackling both structural and funding constraints in Least Development Countries in line with the commitments of "Istanbul Programme of Action". He also urged to review the current levels and modalities of official development assistance to help this group of countries to effect sustainable and inclusive development goals.

Mr. Mohammad Mejbahuddin was the designated participant on the focus session on "Delivering through good governance & transparency". The Secretary ERD, who is the Vice-Chair of the International Aid Transparency Initiative (IATI), made strong interventions pleading for donors to be transparent on the aid they invest in development countries. This is essential for recipient countries to do solid development planning, monitoring and to coordinate development partners in a meaningful way.

**Bi-lateral Meetings:** On April 15, Finance Minister Mr. AMA Muhith MP held a bilateral meeting with the UNDP Administrator Ms. Helen Clark. Cabinet Secretary Mr. M Musharraf Hossain Bhuiyan and ERD Secretary Mr. Mohammad Mejbahuddin were also present during this bilateral meeting.

During the meeting, they discussed the Bangladesh Government's plan to establish an 'International Institute on Southern Innovation' in Dhaka. Helen Clark indicated that if GOB can raise the funds and come to a whole-of-government approach, UNDP can explore if it can provide technical support for an initiative like this.

The Finance Minister also expressed his concern about the push by Middle Income Countries at the Mexico HLM to get strong recognition of their development and ODA needs. He said that LDCs should be the priority of the international community while MICs especially high MICs should exit from ODA. They should emphasize acceleration of domestic demand and reduction of inequality. Helen Clark expressed her understanding for at least the lower middle income countries who see drastic decreases in their ODA from the moment they reach middle income status.

During the meeting, they also discussed the economic growth prospects of Bangladesh while also exchanging views on the Bangladesh Government's plan to develop a road map for increasing devolution in the country. Finance Minister highlighted the employment of qualified youth as well as devolution as essential for going beyond 6 percent GDP growth. Helen Clark encouraged the Finance Minister to seek UNDP support with devolution, building on UNDP's world wide experience in this area.

The Mexico event also provided the opportunity for a number of **other bilateral side meetings**. Hon'ble Finance Minister Mr. AMA Muhith held a meeting with the Foreign Minister of Mexico. The Bangladesh delegation also met with the Angolan delegation to discuss how Angola could learn from Bangladesh's wide experience in development cooperation. The Bangladesh delegation also met with the representatives from the Netherlands, the newly elected co-chair of the Global Partnership for Effective Development Cooperation, to exchange ideas on priority actions for the Global Partnership to go forward after the High Level Meeting.

### **The HLM Communiqué:**

While Mexico had opted for a "communiqué" instead of a negotiated outcome document of the HLM, the language in the draft communiqué which was on the table at the eve of the HLM was so dissatisfying to recipient countries, traditional donors, emerging donors *and* civil society, that a series of negotiation session on the non-binding communiqué were organized at the last minute. Some of key topics of discussions were

- The need for stronger language on the development and ODA needs of LDCs, to compensate for the full chapter of the communiqué on MIC (Bangladesh' main point, para 25)

- Disagreement between traditional and emerging donors on the extent to which North-South and South-South cooperation are different modalities, subject to different standards (para 6)
- Strong reservations by China and other emerging donors on the inclusion of an appeal for the Global Partnership to contribute to the post-2015 agenda. Since emerging donors do not fully accept the principles put forward by the Global Partnership, they wish for the 2 work streams to remain separate (para 3)

The final agreed Communiqué is rather unambitious and adds little to the Busan Partnership Agreement. More encouraging is the annex to the communiqué which announces 39 practical initiatives by government, civil society organisations and think tanks to materialize specific Busan principles. The main take-away for the Mexican government from this summit will be the fact that they managed to create broad consensus on the need to revise the current categorization of “middle Income countries’ (dissatisfaction with the fact that this happens according to “income per capita” only). The dominant discourse at the HLM was indeed one on the development and ODA needs of Middle Income Countries. This caused grave concern among low income countries as the demand for aid by the middle income countries became the main topic in discussion about the growth prospects of the MI countries. Bangladesh mentioned that the needs of the least developed countries should be of prime interest in international development cooperation.

**Co-chair man ship of the Global Partnership:** DFID, Indonesia and Nigeria stepped down as co-chairs of the Global Partnership while Netherlands and Mexico took up the co-chairing roles. A third co-chair from Africa will be appointed at the African Union (AU) summit in June.

**Media coverage:** The Mexico High Level Meeting gained extensive coverage in the local media. The story and outcome of the event was covered by all the major daily newspapers of Bangladesh. On the eve of the High Level Meeting, ERD Secretary Mr. Mejbahuddin was interviewed by the GPEDC which was later posted on the GPEDC Blog. Later the interview was also republished on several media outlets. **(For relevant Media Clippings, see Annex 4)**

## Summary on 5 Plenary Sessions (Annex 2)

The two-day forum included five plenary sessions and 37 focus sessions on a range of critical themes for development:

**Plenary 1: Progress on implementing key principles of effective development co-operation.** Working *with* and *for* all, being more transparent, ensuring developing countries are in the lead, and focusing on results are all key to making sure that all types of development cooperation have real and sustainable impact on the ground.

This session reviewed progress and took new steps to boost impact of the commitments made at the Fourth High Level Forum on Aid Effectiveness in 2011. The session also looked at ways to promote inclusive development.

**Plenary 2: Tax and development.** No country should be dependent on others' resources for its own development. Developed and developing countries must work together to boost domestic resource mobilisation.

In this session, leaders agreed on ways to step up and support existing development co-operation to boost tax collection, cut illicit financial flows and strengthen policies that support inclusive development, building on recent progress on these issues.

**Plenary 3: Knowledge sharing, South-South and triangular co-operation.** Country-led co-operation and mutual learning among developing countries can accelerate development. Some of this support comes in the form of knowledge – which is prized because it is based on recent, concrete experience.

In this session, leaders showcased and discussed ways to scale up country-led development co-operation including with a view to implement the post-2015 development agenda.

**Plenary 4: Delivering development effectively in middle-income countries.** As the home of nearly 75% of the world's poor, 'middle-income' countries face complex development challenges of reducing inequality while at the same time fueling sustained economic growth.

In this session leaders exchanged practical ideas on targeted and differentiated strategies of development co-operation that can deliver poverty reduction and inclusive growth in middle-income countries in an effective, sustainable way.

**Plenary 5: Improving the role of business in development.** There is no longer a question of whether business can affect development. The question is how to ensure business has a stronger positive impact on driving progress.

In this final but critical session, leaders shared some of the most innovative and dynamic examples of how this positive impact is being delivered, and took action to do more.