

# Lexicon and Syntax of Development Cooperation: Do we need to evaluate SSC and frame a template for its reporting?

## *Development Cooperation: A Contracts Perspective*



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In the absence of any ex ante contractual benchmark, it is desirable that SSC is not evaluated but assessed to not only facilitate improvements in future performance, but also ascertain the extent of mutual benefit flowing to the countries in partnership. It may be done through an exercise that involves both the parties in exchange to determine the criteria for assessment with the assessee in control of the assessment process so that it may utilize the feedback to its benefit.

Two important questions on the norms of South-South cooperation (SSC) have contributed to some intense debates over the last few years. The first relates to the relevance or otherwise of evaluation of interventions under SSC, while the second involves the necessity of a common standardized template for reporting of flow of resources. The present paper attempts to look at these issues through a Southern lens and argues that none of them are either relevant or desirable.

Development Cooperation need not necessarily be strictly contractual. It can also flow out of solidarity and friendship as has been characterized by the ever-emerging importance of South-South Cooperation. Such cooperation models do not rely on a set of contractual obligations, often referred to in the literature as conditionalities or mutual accountability. The first shot at development cooperation in modern history as exemplified in the operationalisation between 1947 and 1951 of the Marshall Plan, officially known as the European Recovery Programme, after the Second World War, was not beset with contractual obligations between the donors and the donees. It was a saga of horizontal cooperation, in keeping with the spirit of solidarity expressed towards the European communities that were badly devastated by the War. The effort was a huge success in terms of its impact as well. The official website of The George C. Marshall Foundation notes, "Sixteen nations, including Germany, became part of the program and *shaped the assistance they required, state by state*, with administrative and technical

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assistance provided through the Economic Cooperation Administration (ECA) of the United States. European nations received nearly \$13 billion in aid, which initially resulted in shipments of food, staples, fuel and machinery from the United States and later resulted in investment in industrial capacity in Europe<sup>1</sup> (emphasis added). Europe limped back to normalcy in a couple of decades, if not less.

The initial and visible success of the Marshall Plan “From 1948 through 1952 European economies grew at an unprecedented rate. Trade relations led to the formation of the North Atlantic alliance. Economic prosperity led by coal and steel industries helped to shape what we know now as the European Union<sup>2</sup> – perhaps led to its potential replication in the newly independent developing world with the declaration of the Point Four Programme by Harry Truman in 1949 as an extension of his Doctrine announced in 1947. He called for a “bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped nations’. The resulting Point Four program (so-called because it was the fourth point in Truman’s speech) resulted in millions of dollars in scientific and technical assistance—as well as hundreds of U.S. experts—sent to Latin American, Asian, Middle Eastern, and African nations.”<sup>3</sup>

In about a decade the USAID was born in 1961. Many other developed countries copied the model of development cooperation initiated by the USA and the Development Assistance Group (DAG) was created as a forum for consultations among donors on assistance to developing countries in 1960 even before

the establishment of the USAID as part of an extraordinary surge in aid-related institutional developments, which laid the foundation for the current aid system<sup>4</sup>. The founding members of DAG were Belgium, Canada, France, Germany, Italy, Portugal, the United Kingdom, the United States, the Commission of the European Economic Community, Japan, and the Netherlands. With the establishment of Organization for Economic Cooperation and Development (OECD), DAG became the Development Assistance Committee (DAC), holding its first meeting on 5 October 1961. The first annual DAC High Level Meeting was convened in July 1962 that issued agreed Directives for Reporting Aid and Resource Flows to Developing Countries on a comparable basis. In 1963, DAC adopted a Resolution on the Terms and Conditions of Aid, recommending that DAC members ensure that the terms of aid are adapted to the circumstances of each developing country or group of countries. The directives were to serve as the basis for the first Recommendation on Financial Terms and Conditions (1965), setting the standards for official development assistance (ODA). DAC was also designated as the authoritative monitoring hub for its member countries’ ODA, maintaining a comprehensive statistical database and publishing regular reports that serve as the basis for ODA references, analyses and comparisons<sup>5</sup>. Subsequently, the DAC principles for evaluation of development assistance came out in 1991 that identified the five criteria of evaluation – relevance, effectiveness, efficiency, impact and sustainability (REEIS) – that are considered the main components of evaluation strategy of development cooperation followed by the OECD member countries. By 2006,

William Easterly came out with his arguments in “White Man’s Burden” that delineates “Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good”. Almost during the same time Elinor Ostrom with her colleagues published “The Samaritan’s Dilemma: The Political Economy of Development Aid” (2005) to argue that “aid’s failure is related to the institutions that structure its delivery”. Needless to add, it was during this period that Paris Declaration in 2005 called for aid effectiveness and identified five principles – ownership, alignment, harmonization, results and mutual accountability – to achieve the goal of effective development cooperation<sup>6</sup>.

## Two Issues

Two points deserve our attention at this juncture of this write up. Firstly, Marshall Plan never worked out to be a “White Man’s Burden” or a “Samaritan’s Dilemma” and the targeted objectives were achieved beyond doubt. However, it was bereft of any conditionalities or contractual obligations on the part of any of the parties to the process of cooperation. On the other hand, efforts following the lessons learnt from the former could not lead to the desired level of success as far as the “effectiveness” of DAC-led initiatives in the Southern world is concerned, in spite of the terms and conditions specified by the DAC vis-à-vis ODA that were aimed at a “comparative” and rigorous monitoring and evaluation of the initiatives to ensure that the contractual obligations are fulfilled by all the parties engaged. World Bank (1996), McMahon (1997), Morrison (2005), Killick (2008) and Koder (2016) provide ample evidences on the “not so effective” results out of DAC-led interventions in

development cooperation in spite of ex-ante contractual obligations specified in clear terms.

Secondly, the increasingly important role of South-South Cooperation (SSC) as a viable vehicle for development cooperation has also caught attention of development practitioners with a fervent demand for efforts to ensure “effectiveness” of SSC through rigorous monitoring and evaluation of the relevant interventions. Creation of a standardized template, like the ones designed by DAC to capture the flow of resources through SSC is another expectation emanating clearly. Establishment in 2013 of Global Partnership for Effective Development Cooperation (GPEDC) is a visible move in that direction in an effort to engage the Southern partners in agreeing to adhere to a standardized template of resource flow and emulating the strict monitoring and evaluation guidelines as are followed by the countries linked to DAC. Incidentally, most of the influential actors in the field of SSC, like China, India, Brazil and South Africa, refused to join the bandwagon of GPEDC.

## The Issues Examined

We concentrate on the second issue first and will take up the first while concluding. Is it desirable and/or feasible to design a standardized template for accounting the resource flow under SSC? Further, are SSC efforts amenable to monitoring and evaluation? To take up the arguments vis-à-vis evaluation, let us consider Table 1 that compares evaluation and assessment. The table clearly suggests that evaluation, as opposed to assessment, is based on some criteria determined by the evaluator who enjoys seat of judgement to ascertain the worth and merit of an intervention

against a pre-defined standard. Thus, the process is almost entirely under the control of the evaluator. An assessment, on the other hand, provides space for the assessee to participate in the process of setting the criteria and have some control on the assessment activities as well. In other words, assessment is more participatory than evaluation in identifying the gains and losses through a development cooperation engagement.

It needs emphasis at this juncture that SSC, in view of the expressed non-negotiable principles followed since its initiation and institutionalized in the outcome document of the High-level United Nations Conference on South-South Cooperation, held in Nairobi in December 2009 (see General Assembly resolution 64/222), is bereft of any contractual agreement between the parties engaged in such cooperative “sharing” (like the process engaged in the Marshall Plan). Implemented out of a concern to express solidarity to newly decolonized countries facing developmental challenges, SSC

has been horizontal and never involved “conditions” thereby rendering the supports to be purely demand driven and as opposed to becoming similar to “white man’s burden”, help the partners in reaping “mutual benefits”. A typical sharing of resources within the domain of SSC

- May extend over a long period of time, but the duration is often not specified in advance;
- Involves a large variety of exchanges and occur in a package consisting of highly interdependent transactions, in tune with the ideas of Development Compact;
- Is not specifically identified beforehand, most of them are contingent on events and are decided sequentially;
- Does not necessarily balance in terms of a unit of account;
- Is enforced by internal values shared by the members;
- Creates a collective identity that affects the transactions of each member with

**Table 1: Comparison between Assessment and Evaluation**

	<b>Assessment</b>	<b>Evaluation</b>
<b>Purpose</b>	To improve future performance	To judge the merit or worth of a performance against a pre-defined standard
<b>Setting Criteria</b>	Both the assessee and the assessor choose the criteria	The evaluator determines the criteria
<b>Control</b>	The assessee - who can choose to make use of assessment feedback	The evaluator - who is able to make a judgement which impacts the evaluatee
<b>Depth of Analysis</b>	Thorough analysis by answering questions such as why and how to improve future performance	Calibration against a standard
<b>Response</b>	Positive outlook of implementing and action plan	Closure with failure or success

Source: Parker et al. 2001.

people outside the group;

- Is specific and non-transferable.

Such features in exchange of resources mimic that between friends or that within the members of a family (Ben Porath 1980). In the absence of any ex-ante contractual obligations - not specifically identified beforehand, most of them are contingent on events and are decided sequentially - it is not possible to make a judgement on worth or merit of an SSC intervention against a pre-determined standard. The explicit mention of outcomes of an intervention in a contractual framework paves the way both for having a pre-determined standard and thereby specifying the domains of mutual accountability. Being sequential in its approach, the standards may be ever evolving and changing over time. The identification of the domains of mutual accountability is also rendered difficult.

However, there is no denial of the fact that being involved in transfer of resources from citizens of one country to another, SSC be left without any understanding and examination of the worth and merit of the interventions involved. Being an effort to enhance the level of solidarity among the Southern nations, southern partners also have the responsibility to share the impacts - positive or otherwise - of an intervention to the rest of the Southern countries so as to help them identify some best practices that may be implemented with necessary adjustments to contribute to their developmental aspirations. Under such circumstances, in the absence of any ex ante contractual benchmark, it is desirable that SSC is not evaluated but assessed to not only facilitate improvements in future performance, but also ascertain the extent of mutual benefit flowing to the countries in partnership.

It may be done through an exercise that involves both the parties in exchange to determine the criteria for assessment with the assessee in control of the assessment process so that it may utilize the feedback to its benefit. Therefore, SSC need not go through the paces of evaluation, it must develop a mutually agreeable method of assessment of "mutual benefits" out of their cooperation in solidarity.

Such a stand in favour of assessment of "mutual benefits" also automatically rules out the need for a standard template for reporting of resource flow in respect of SSC. As we observed, SSC does not involve any contractual agreement between the partners involved. The driving force of SSC is the quest for mutual benefit and the nature of support is sequential, often not decided ex-ante. Further, as it is revealed, a good share of the support extended is difficult to be measured in monetary units and hence will be difficult to be covered in any standardized template. On top of that, as the principles of SSC suggest, unlike the DAC-led development cooperation process, resource flow in SSC is not unidirectional. Bi-directional flow of resources is too complex to be captured in a standard template, given the multiple possible modalities, multiple actors and simultaneous use of monetized and non-monetized flow of resources. It is desirable that SSC practitioners consciously refrain from any effort to go for such a standardized template to capture resource flow.

Before we conclude, let us refer to the first issue raised earlier about the failure of the DAC-led efforts to ensure effectiveness. It may be noted that the criteria for evaluation identified by DAC did not consider the need to evaluate if

the contracts were at all fulfilled from the donors' side. The five evaluation criteria (REEIS), were all considered from the perspective of the donees and the evaluations were aimed to ascertain if the donees performed as contracted. The absence of a criterion to evaluate if the contractual commitments were fulfilled by the donors might have contributed considerably to diminish the effectiveness of the DAC-led interventions. More about this issue in a later issue.

### Endnotes

- <sup>1</sup> <https://www.marshallfoundation.org/marshall/the-marshall-plan/history-marshall-plan/>
- <sup>2</sup> <https://www.marshallfoundation.org/marshall/the-marshall-plan/history-marshall-plan/>
- <sup>3</sup> <https://www.history.com/this-day-in-history/truman-announces-point-four-program>
- <sup>4</sup> The historical obligation to set right the scars of colonialism also contributed to the efforts at providing development aid
- <sup>5</sup> The DAC 50 Years, 50 Highlights: available at <http://www.oecd.org/dac/46717535.pdf>
- <sup>6</sup> <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

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