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United Nations Development Programme

SYNTHESIS REPORT

THE ROLE OF DEVELOPMENT CO-OPERATION IN MIDDLE INCOME COUNTRIES

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Disclaimer:

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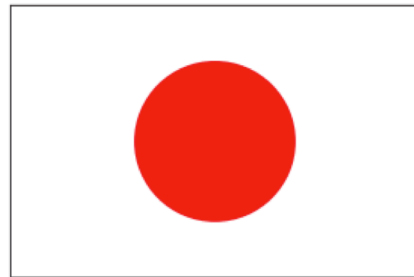
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Abbreviations and Acronyms



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ACVN	Association of Cities of Vietnam	MIC	Middle Income Country
ADB	Asian Development Bank	NDPC	National Development Planning Commission
AFD	Agence Française pour le Développement (French Development Agency)	NGO	Non-Governmental Organisation
AfDB	African Development Bank	NIS	National Innovation System
CARICOM	Caribbean Community	NMIA	Norman Manley International Airport
CSO	Civil Society Organisation	NORAD	Norwegian Agency for Development Co-operation
CSR	Corporate Social Responsibility	NSA-LA	Non-State Actors and Local Authorities
DFAA	Development Finance Aid Assessment	ODA	Official Development Assistance
DRC	Development through Regional Co-operation	OECD	Organization for Effective Development Co-operation
ECOWAS	Economic Community of West African States	PAPI	Public Administration Performance Index (Vietnam)
EESG	Economic, Environmental, Social and Governance	PAR	Public Administration Reform (Vietnam)
EITI	Extractive Industries Transparency Initiative	PC	People's Council
EPOC	Economic Programme Oversight Committee	PIOJ	Planning Institute of Jamaica
EU	European Union	PM&E	Participatory Monitoring & Evaluation
FDI	Foreign Direct Investment	PPP	Public-Private Partnership
GDP	Gross Domestic Product	RRDC	Resource Rich Developing Country
GEF	Global Environment Facility	SIDS	Small Island Developing State
GELAP	Grassroots Economic Literacy and Policy Advocacy Programme	SME	Small and Medium Enterprise
GIZ	Gesellschaft für Internationale Zusammenarbeit	SP-RCC	Supporting Programme to Respond to Climate Change
GNI	Gross National Income	SPD	Strategic Policy Dialogue
HIC	High Income Country	SSC	South-South Co-operation
HR	Human Resources	TrC	Triangular Co-operation
IADB	Inter-American Development Bank	UMIC	Upper Middle Income Country
IBRD	International Bank for Reconstruction and Development	UN	United Nations
ICT	Information and Communications Technology	UNDESA	United Nations Department of Economic and Social Affairs
IDA	International Development Association	UNDP	United Nations Development Programme
IMF	International Monetary Fund	UNEP	United Nations Environment Programme
JICA	Japan International Co-operation Agency	UNIDO	United Nations Industrial Development Organisation
KCT	Kingston Container Terminal	USAID	United States Agency for International Development
KPPPC	Kazakhstan Public-Private Partnership Centre	USD	United States Dollar
KRW	Kazakhstan Revenue Watch	VET	Vocational Education and Training
LIC	Low-Income Country	VGCL	Vietnam General Confederation of Labour
LLDC	Landlocked Developing Country	VNCPC	Vietnam National Cleaner Production Centre
LMIC	Lower Middle Income Country		
M&E	Monitoring and Evaluation		
MDG	Millennium Development Goal		
MEFP	Memorandum of Economic and Financial Policies		



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Foreword

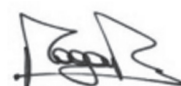
The world has succeeded in achieving impressive strides on many of the Millennium Development Goals. Much of these gains were achieved by the growing number of countries transitioning to Middle Income Country (MIC) status. At the same time, volatility has become the new norm, with growing inequality and increased vulnerability to conflicts, natural disasters, economic shocks and climate change. MICs now represent almost three quarters of the world's poor, facing shared development challenges such as persistent poverty, inequality and vulnerability.

The post-2015 sustainable development agenda is an opportunity to think afresh about how we effectively approach this rapidly evolving world. The success of the new agenda will be based on structural transformation by all countries, starting with mind-set changes, followed and solidified by policy reforms and inclusive financing partnerships for sustainable development. Hence, the role of international development co-operation must similarly evolve to sufficiently meet the demands of today's world.

The United Nations Development Programme (UNDP) connects 144 least developed and middle income countries to development partners, knowledge, experience and resources. To this end, UNDP's Strategic Plan 2014-2017 focuses on promoting sustainable development pathways; strengthening inclusive and effective democratic governance; and building resilience, which are all fundamental to addressing the barriers to development facing MICs in different contexts and with varying degrees of relevance.

This synthesis report highlights the catalytic role of development co-operation in MICs in various areas such as support to enhancing the policy, legislative, institutional, technical and financial capacities of all national development actors. It also observes the significant role of development co-operation in creating an enabling environment for sustainable development, tailored to the specific challenges faced by MICs. Through concise and focused analysis grounded by informative field experiences, the present insights seek to feed into and influence relevant global policy dialogues to better account for the complex and contemporary realities of MICs. The report also aims to facilitate flexible, targeted, and differentiated strategies for development co-operation that can contribute to achieving smooth and irreversible transitions into higher levels of development.

As we stand at a critical juncture for the creation of a more peaceful, equitable and sustainable future for all, I hope that this analytical work will contribute to enhancing human ingenuity in the field of international development co-operation and to strengthening the role of development co-operation for the universal and just goal of *leaving no one behind*.



Magdy Martínez-Solimán
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Executive Summary

Fueled by its free trade zones, Malaysia had enjoyed rapid economic growth and development between the 1970s and the 1990s¹. While the country is currently on track evolving to an economy that is more service-based and less dependent on natural resources², it had to overcome challenges for a number of years in competing with both lower and higher income countries due to the loss of cheap labor as well as an absence of skill-intensive industries³. Having been successfully overcoming so-called 'middle-income trap'⁴, the Southeast Asian country now envisions to reach the high-income status by 2020. The last few decades have seen a considerable number of countries in the similar predicament: reaching middle-income status through rapid economic growth, yet facing difficulties to make further progress and move into higher levels of income and development.

UNDP collaborates with various development partners and actors to provide support to the strengthening of Middle Income Countries' policy, institutional, technical and financial capacities. The present study intends to investigate how these development co-operation interventions can drive the enablers of change to make positive contributions to development processes and outcomes in MICs. Analysis focuses on four countries – Ghana, Jamaica, Kazakhstan and Vietnam – which were selected based on a consideration of regional balance and typological representation. To take stock of successful development co-operation interventions, the study identified key enablers for positive change, including cross-cutting, public-sector and private-sector enablers, in consultation with UNDP experts (see Box 1).

The assessment draws on (1) a desk review of key documents on development co-operation policies /

Box 1: Key enablers for driving positive change

Cross-cutting enablers

- Institutionalise social dialogue for co-definition of problems
- Capability for co-decision and collective action
- Public-private collaboration mechanisms for co-designing solutions
- Participatory monitoring & evaluation (PM&E)
- Existence of networked social capital

Public-sector enablers

- Cooperation between political and administrative leadership
- Removal of obstacles undermining public servants' performance
- Capacity for integral planning / managing complexity
- Capacity to innovate

Private-sector enablers

- Broad participation in skills development
- Mechanisms to attract private investment in sustainable development
- Broad participation in sustainable urbanization / livelihoods
- Adoption of Green growth and human-centred/ technologically-oriented development and Corporate Social Responsibility (CSR)

activities in selected countries; and (2) semi-structured interviews conducted with 107 stakeholders in four countries to illustrate practical examples / experiences in implementing and co-ordinating relevant development co-operation interventions. Key takeaways from this country-level analysis include the following:

A. What are key enablers for driving positive change?

- ***Inclusive development processes are crucial for driving positive change and development co-operation can provide catalytic support to facilitate inclusive approaches to development processes.*** Regardless of a country's development status, enablers such as institutionalised social dialogue, capacity for co-decision, public-private collaboration mechanisms and other cross-cutting enablers were identified as effectively promoting inclusive and equitable development. However, this is particularly relevant for MICs in transition such as Kazakhstan, where the demand for social transformation is great and the capacity for creating an enabling environment for inclusive, sustainable development remains limited.
- ***A wide array of public sector reforms is critical for strengthening country leadership/ownership to the complex development challenges facing MICs.*** In particular, the capacity for integrated development planning / budgeting as well as PM&E seems increasingly relevant for all four MICs against the backdrop of diversifying financial streams and actors.
- ***In particular, the capacity of the public sector to innovate was noted as essential*** in all four MICs to accelerate robust public sector reforms and build an enabling environment conducive to sustainable development. For instance, MICs undergoing massive population migration (Jamaica and Vietnam) could consider creative measures, such as targeted remittances, designed to thwart potential threats associated with population loss and promote pro-development investment.
- ***Effective mechanisms to engage the private sector*** are instrumental in attracting capital and enhancing competitive capacity. While the scope and focus of public-private collaboration may vary, all four MICs noted the importance of co-designing mechanisms among public and private entities (e.g. PPPs) and building the institutional, technical and financial capacities of all actors to strike a balance between private incentives and public goals. Though most of the private sector enablers (see Box 1) were acknowledged as vital in the four MICs surveyed, it appears premature to validate them at the current stage of private sector development.
- Nevertheless, ***technologically-oriented development*** is seen as critical for addressing the unique challenges facing MICs such as productivity slowdown due to the lack of value-added specialisation and technological advancement. This is particularly relevant for MICs aiming to shift from resource-dependent growth towards more sustainable models (Ghana and Vietnam) or MICs dealing with exogenous shocks associated with geographical limitations such as Jamaica (SIDS), Kazakhstan (LLDC) and Vietnam (a country highly vulnerable to the adverse impacts of climate change).

¹ P. Athukorala, "Production Networks and Trade Patterns in East Asia: Regionalization or Globalization?", *Asian Economic Papers*. Winter/Spring 2011, Vol. 10: 65–95. Free trade zone was mainly for electronics industry.

² For more information, see: <http://www.ibtimes.com/malaysia-set-become-high-income-nation-2020-1583566>

³ World Bank, *Malaysia Economic Monitor: Brain Drain*. (Washington, D.C., 2011). Available at: <http://documents.worldbank.org/curated/en/2011/04/14134061/malaysia-economic-monitor-brain-drain>

³ While its actual existence still remains a topic of ongoing debate among scholars and policy-makers, the concept of middle-income trap was based on the observation that middle-income countries often get stuck in moving up the income / development ladder after attaining certain level of income, due to loss of competitive edge. This notion was first coined in 2007 in the study: Tian, Major. "Chinese Social Structure Holds the Key to a Richer Nation". CKGSB Knowledge.

B. How can development co-operation act as a catalyst for progress in MICs?

The role of development cooperation is changing from that of a gap filler toward a more catalytic nature, in particular in MICs. The following observations on the role of development cooperation as a catalyst were made during the UNDP-Japan study:

- **Development co-operation can facilitate inclusive approaches for development by supporting an accountability role for national and sub-national actors.** The support of development partners ranged from enhancing regulatory frameworks and building capacity for institutionalising social dialogue processes in Ghana, to providing technical assistance to the augmentation of stakeholders' analytical capacity and bringing more citizens to Participatory Monitoring and Evaluation processes in Vietnam, to helping build networked social capital through knowledge transfer and coalition development for CSOs in Kazakhstan.
- **Development co-operation can incentivise structural transformation and innovation:** stakeholders recognized that development co-operation can provide MICs with much needed 'stimulus' to shift from labour-intensive specialisation towards innovation and technological solutions to sustain productivity growth and avoid the middle-income trap. Successful co-operation efforts utilised policy advice, institutional and HR capacity support and transfer of knowledge and technologies, including through South-South and Triangular Co-operation (SSC / TrC) whose benefits go well beyond funding.
- **More tailored development co-operation interventions are in great demand** as MICs navigate through different development stages with evolving priorities and vulnerabilities. Examples of customised efforts with successful results include: technical co-operation to social dialogue processes in identifying locally-relevant solutions for energy efficiency in Ghana; culturally-relevant capacity-building support for social dialogue processes

with trade unions in Vietnam; and the provision of context-specific policy advice for skills development strategies in Kazakhstan. It is vital for development providers to base support on the recipient country's changing needs and choose modalities that are flexible and responsive to country context.

- **Targeted support, focusing on policy advice and institutional capacity development, contributed to governments laying out important frameworks and mechanisms** to bring key development actors under common goals, as shown in the process of developing a PPP framework in Jamaica. As targeted co-operation modalities could also result in the creation of mechanisms that attract long-term private investments suitable for sustainable infrastructure development, partners should target more support toward small and medium enterprise (SME) development. More targeted co-operation is also needed to strengthen government capacity to mobilise domestic resources in MICs (e.g. reform of national and regional taxation schemes).
- Relevant to all key enablers examined, **there is a pressing need for development partners to align co-operation activities with national priorities and use country systems**, including M&E mechanisms, and to harmonise efforts with other partners. This concern is especially high in MICs, which face the problems of prolific and fragmented co-operation activities. To this end, the aid effectiveness agenda and effective development co-operation principles remain particularly relevant, calling for greater efforts for compliance.

I. Introduction

Middle Income Countries (MICs) are a diverse group, constituting approximately 74 per cent of the world population.⁵ Some MICs have achieved impressive growth and met various MDGs targets, while a significant number remain heavily indebted or fragile with high levels of aid dependency. Although MICs represent 45 per cent of the world gross product⁶, they also account for 73 per cent of the world's poor⁷, with poverty rates ranging from two to 60 per cent.⁸ Currently, 103 countries are considered MICs worldwide.

The last few decades have seen a considerable number of countries reach middle-income status⁹ through rapid economic growth. However, from 1960, when 101 middle-income countries existed globally, only 13¹⁰ reached high-income country (HIC) status by 2008, whereas the rest are either trapped in the middle-income group or have even regressed to the low-income level.¹¹ In fact, a number of countries in Latin America reached middle-income status as early as the 1960s, but a great majority of them have remained there, stagnated.¹² Likewise, economic growth in many Middle Eastern and North African countries has slowed and been further thwarted by high unemployment, as evidenced by the recent Arab Spring upheavals.¹³

The United Nations Development Programme (UNDP), as the UN's global development network, works on the

ground, engaging with 170 countries and territories, including MICs, and connecting them to knowledge, experience and resources. UNDP is currently embarking on the implementation of the UNDP Strategic Plan 2014-2017 with priority work focusing on: promoting sustainable development pathways; strengthening inclusive and effective democratic governance; and building resilience. UNDP's proposed visions, areas of work and outcomes are all relevant to efforts to address the development challenges facing MICs in different situations and with varying degrees of emphasis.¹⁴ UNDP collaborates with various development partners and actors to provide much needed support to strengthen the policy, institutional, technical and financial capacities of countries including MICs.

Following the third Japan-UNDP Strategic Policy Dialogue (SPD) in October 2013, the Government of Japan and UNDP entered into a partnership to contribute to a body of research on the role of development co-operation in MICs. The project entitled, 'Support to the Global Partnership for Effective Development Co-operation', funded by the Government of Japan, aims to build a knowledge base on the key role of development co-operation in supporting MICs to overcome development challenges including the middle-income trap. This improved knowledge base is expected to contribute to mutual learning on enhancing the effectiveness and impacts

⁵ UN General Assembly. Report of the Secretary General. "Development Co-operation with Middle-Income countries." (A/68/265). 5 August 2013.

⁶ Ibid. Measured in purchasing power parity (PPP).

⁷ The World Bank. "Middle Income Countries Overview," World Bank, Available at: <http://www.worldbank.org/en/country/mic/overview>.

⁸ Development co-operation with middle-income countries: the Report of the Secretary-General (A/64/253), United Nations, New York, August, 2009, para. 10.

⁹ low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of \$1,045 or less in 2014; middle-income economies are those with a GNI per capita of more than \$1,045 but less than \$12,736

¹⁰ Equatorial Guinea, Greece, Hong Kong SAR (China), Ireland, Israel, Japan, Mauritius, Portugal, Puerto Rico, Republic of Korea, Singapore, Spain and Taiwan Province of China.

¹¹ The World Bank and the Development Research Centre (People's Republic of China). 2013. China 2030: Building a Modern, Harmonious, and Creative Society. Washington, D.C.: The World Bank, 12.

¹² Agénor, Pierre-Richard, Canuto, Octaviano and Michael Jelenic. 2012. Economic Premise: Avoiding Middle Income Growth Traps. Economic Premise No. 12. Washington, D.C.: The World Bank, 1.

¹³ Ibid.

¹⁴ UNDP. 2014. Changing with the World: UNDP Strategic Plan 2014-2017. New York: UNDP, p. 20.

of development co-operation on development and poverty reduction. The two-fold objectives of the following analytical work include:

- 1) To shed light on the 'context-specific' development challenges MICs face and the role of development co-operation in effectively addressing these obstacles; and
- 2) To inform and influence global policy dialogue to better account for the complex and diverse realities of MICs and to support flexible, targeted and differentiated strategies for development co-operation that can contribute to addressing the middle-income trap and achieving smooth transitions into higher level of development.

Due to a lack of sufficient empirical data, this study draws heavily on policy recommendations formed by practical experience / examples of development co-operation activities and stakeholder perceptions. Further empirical research will be useful – preferably longitudinal studies with an increased MIC sample size – with particular focus on the long-term impacts of varied development co-operation interventions on key enablers and the effectiveness of different modalities and approaches used to support positive change. This will contribute to building sufficient evidence on how these enablers, within strategic development co-operation interventions, can drive a process of change that is economically viable, socially equitable and environmentally manageable.



II. Global Context: Realities Facing MICs in Evolving Development and Development Co-operation Landscapes

The last few decades have seen a considerable number of countries reach middle-income status through rapid economic growth, yet many continue to face stagnancy in making further progress, unable to move into higher levels of income and development. This so-called ‘middle income trap’ often occurs when an MIC’s production costs exceed those offered by low-income countries (LICs), while a lack of technological competitiveness makes them unable to reach the ranks of high-income countries (HICs).¹⁵ In his report, ‘Development co-operation with middle-income countries’¹⁶, the Secretary-General referred to the middle-income trap as a situation where an MIC, after reaching a certain level of per capita income¹⁷, cannot make further progress as its per capita economic growth remains mediocre.

Recent research also notes that growth slowdowns experienced by MICs are largely due to slower growth in productivity, whereby 85 per cent of deceleration can be explained by a declining rate of productivity growth.¹⁸ The same study argues that LICs can initially achieve rapid growth by moving from agricultural to manufacturing sectors, however, when LICs reach MICs status, it becomes more difficult to raise productivity by transferring additional labour from agricultural to industrial sectors and secure gains from importing foreign technology.

Besides low value-added specialisation and lack of technological advancement, common development challenges facing MICs include, inter alia, increasing inequality¹⁹ and social disintegration; persistent poverty; fragile infrastructure; lack of access to basic services; absence of strong governance and institutions; growing environmental degradation; lack of sustainable energy; and vulnerability to exogenous shocks. MICs are among those most exposed to natural disasters and are often more susceptible to financial shocks than LICs as they are more integrated into global financial markets²⁰, as shown in the global financial crisis of 2008.

The failure to overcome these inherent development challenges, including falling into the middle-income trap, would be extremely costly in terms of development impact. Although LICs have a higher proportion of people in poverty, the 2013 UNDP Human Development Report estimates that three-quarters of the 1.6 billion people who are multi-dimensionally poor currently live in MICs.²¹ For instance, India has achieved rapid economic growth, yet, it is a home to more poor people than the whole of Africa.²² In light of the global, universal agenda of leaving no one behind, any efforts to alleviate poverty should, therefore, include plans to do so in MICs.

¹⁵ Report of the Secretary General. Development co-operation with middle-income countries. (A/68/265), United Nations, New York, August, 2013, para 6.

¹⁶ Ibid. para 27.

¹⁷ Based on GNI per capita, Atlas method (current USD) of the World Bank. The General Assembly noted in resolution 64/208 that national averages referring to criteria such as per capita income may not be sufficient to take into account the particularities of MICs.

¹⁸ Barry E., Park, D., and K. Shin. 2011. When Fast Economies Slow Down: International Evidence and Implications for China, Working Paper No. 16919. Cambridge: National Bureau of Economic Research, Cambridge.

¹⁹ According to J. Glennie, over the past decade, inequality has increased notably in over half of the world’s MICs. Glennie, J. 2011. The role of aid to middle-income countries: a contribution to evolving EU development policy, Working Paper 331. London: Overseas Development Institute (ODI), 24.

²⁰ Alonso, A.J., Glennie, J. and A. Sumner. April 2014. Recipients and Contributors: Middle income countries and the future of development cooperation, Background Paper for the first High-level Meeting in Mexico, 19.

²¹ UNDP. 2013. Human Development Report 2013, The Rise of the South: Human Progress in a Diverse World. New York: UNDP, 126.

²² Glennie J. 2011. The role of aid to middle-income countries: a contribution to evolving EU development policy, Working Paper 331. London: Overseas Development Institute (ODI), 14, 18.



While MICs are strategic recipients of development co-operation (from 2005-2010 MICs received around 40 per cent of global ODA grants²³), they can also act as a 'pole of development' at the regional level, creating positive spillover effects to neighboring countries including through technical assistance, trade, public administration reforms, institutional capacity building and debt / humanitarian relief.²⁴ Many MICs have also scaled up their co-operation as providers, including

in the form of South-South Co-operation (SSC) and Triangular Co-operation (TrC). Analysis of larger Southern partners indicates that over three-quarters of their SSC goes to LICs or LDCs²⁵ and approximately 75 per cent of SSC supports projects which include technical co-operation and capacity-building initiatives. Additionally, according to the World Bank²⁶, the concessional flows from emerging economies to LICs in 2011 were estimated at between 12-15 billion dollars.

²³ Dadi Abebe, Castro Rocio, Gamarra Boris, and Stefano Migliorisi. 2011. Financing for Development: Trends and Opportunities in a Changing Landscape. CFP Working Paper No. 8, Concessional Financing and Global Partnerships Vice Presidency, Washington D.C., World Bank: 5 and 7.

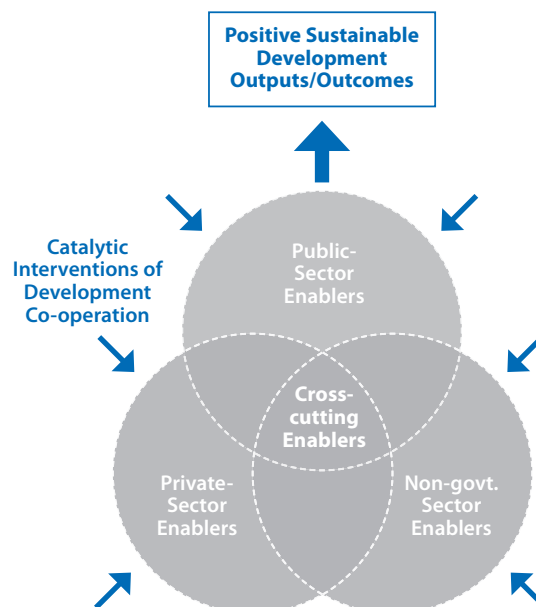
²⁴ Alonso, et al. 2007. Cooperation with middle-income countries. Madrid: Instituto Complutense de Estudios Internacionales, Madrid.

²⁵ UNDESA. 2014. International Development Cooperation Report. New York: ECOSOC.

²⁶ World Bank. 2013. Capital for the Future: Saving and Investment in an Interdependent World. Washington, D.C: World Bank Group.

III. Analytical Framework

Recognising the distinct challenges facing MICs in the context of an evolving development co-operation architecture as well as the pressing need to redefine the role of development partners in MICs, the present study attempts to take stock of successful development co-operation interventions in MICs. It aims to validate the relevance of key enablers in driving positive change to support countries in attaining higher level of sustainable development, with a primary focus on identifying the specific incentivising role played by development co-operation. These key enablers were identified by UNDP experts²⁷, based on the organisation’s long-standing programme support experience and observations built up in a number of countries and are grouped under three categories including: cross-cutting enablers, public-sector enablers and private-sector enablers.



Participatory co-development processes involving all relevant stakeholder groups cut across and enhance the development of public, private and non-governmental sectors and thus lie at the core of all enabling factors for sustainable development. The following five *cross-cutting enablers of change* were identified based on UNDP’s programme support in a number of countries²⁸:

- Institutionalised social dialogue for co-definition of problems;
- Capability for co-decision and collective action;
- Public-private collaboration mechanisms for the co-designing of solutions;
- Participatory monitoring & evaluation (PM&E); and
- Existence of networked social capital.

A growing body of research suggests that the enhancement of public-sector capacity, in order to assume a proactive role in guiding and supporting the entire development process, should be of priority concern to the development agenda in MICs.²⁹ The following four enablers were identified as prerequisites for developing a *stronger public sector* to drive³⁰ positive change for sustainable development:

- Co-operation between political and administrative leadership to ensure sound programme delivery;
- Removal of obstacles undermining public servants’ performance;
- Capacity for integral planning and management of complexity; and
- Capacity to innovate.

²⁷ Representing UNDP Global Centre for Public Service Excellence (GCPSE); UNDP Istanbul International Centre for Private Sector in Development (IICPSD); and UNDP Bureau for Policy and Programme Support (BPPS).

²⁸ Expert in UNDP Bureau for Policy and Programme Support (BPPS).

²⁹ Peerenboom, Randall and Tom Ginsburg. 2013. Law and Development of Middle-Income Countries: Avoiding the Middle-Income Trap. Cambridge University Press: New York.

³⁰ Based on UNDP Global Centre for Public Service Excellence (GCPSE) work, etc.

Fostering a dynamic private sector is crucial not only for driving sustained economic growth but also for achieving the broader sustainable development agenda. There is increasing recognition of the need for the private sector to play a larger role in areas such as: scaling up green growth; investing in human capital; pursuing pro-poor innovation; contributing to the narrowing of income inequality; and promoting inclusive and human-centred growth and development in MICs. Reflecting these common notions, private-sector enablers were pre-identified as below³¹:

- Broad participation in skills development;
- Mechanisms to attract private investment in sustainable development;
- Broad participation in sustainable urbanisation and livelihoods; and
- Green growth; human-centred and technologically-oriented development; and corporate social responsibility (CSR).

Due to the prevalence of overlap with cross-cutting enablers, **non-governmental sector enablers** are not discussed separately in this study.

The above thirteen enablers – in relation to the specific incentivising role of development co-operation – were validated through semi-structured interviews and consultations with national stakeholders representing governments; CSOs; the private sector, bi and multi-lateral development and financial institutions; and respective UNDP Country Offices.

The questions below further guided the analytical work:

Understanding Change (Context):

1. How are the five **cross-cutting enablers** helping to lead the country in question towards achieving a smooth transition into higher levels of economic and human development?
2. How are the **public and private sector enablers** helping to lead the country towards achieving a positive transition in growth and development? Under what social / political / economic contexts have these enablers been triggered, solidified and / or sustained? Are there any other distinctive enablers to add in each of these sectors?
3. What are the **disablers** which have caused or are causing the country to stagnate in growth and development or where relevant, to regress to a lower status of income and development?

Identifying the Specific Role of Development Co-operation (our main focus):

4. What are concrete examples of **catalytic interventions of development co-operation** which have triggered or are triggering / supporting each of the cross-cutting enablers (or aggregates of several) as well as other sectoral enablers?
5. What are concrete examples of **counter-productive interventions of development co-operation**, if any, which inadvertently hindered / are hindering the enablers or reinforcing the disablers identified above?

³¹ Based on UNDP Istanbul International Centre for Private Sector in Development.

IV. Methodology

The present study undertook analysis based on different data sources including the below:

- (1) Desk review of a number of relevant literature sources on the given topic, including inter alia: 'The Role of Development Co-operation in Middle-Income Countries'³²; and 'Where Next for Aid?: The Post-2015 Opportunity'³³
- (2) Review of policy documents and data on country context, including key government reports (both internal and external) on development co-operation policies and activities;
- (3) Semi-structured interviews³⁴ conducted with a total of 107 interviewees representing the key stakeholders of each country (29 in Ghana, 23 in Jamaica, 26 in Kazakhstan and 29 in Vietnam). The proposed list of interviewees³⁵ was jointly identified by independent international and national consultants in consultation with UNDP Country Offices. The list of interviewees represents a multi-stakeholder group from national and local governments, development co-operation providers (combination of international, domestic, public and private), CSOs, the private sector, etc. Key interviewees were identified by reputational sampling (based on their positions) or snowball sampling where appropriate; and
- (4) Meetings with stakeholders in each country, including the briefing meeting at the beginning of the mission and the validation meeting at the end of the mission.

Data collection efforts (via country mission) were led by an external consultant and supported by national consultants, for 12 days per country, between September and November, 2014. UNDP Country Offices provided support including facilitation of engagement with national stakeholders in both consultative and interview processes. National governments were engaged from the planning stage of this project and provided the requisite access to key information and stakeholders. They remain available for consultations.

Given the nature of the methodologies chosen, focusing on analysis based from practical experience / examples and interviews with relevant stakeholders, the present study encountered the following limitations:

1. Given the short time frame and cross-cutting nature of variables, the study does not establish a clear attribution and the impact of development co-operation interventions on each or a number of enablers. Future studies should attempt to undertake a longitudinal study whereby the differences in correlation can be examined at various points in time, which will provide greater support for causality.
2. Analysis was based on a limited number of variables (enablers), which are not exhaustive. The sectoral categories used in the study inevitably constrain the scope of more integral observation.
3. The study is limited to four specific MICs, namely: Ghana, Jamaica, Kazakhstan and Vietnam. Realities may differ across other MICs and so future analytical works should aim to examine these enablers in MICs

³² UNDP. June 2014. The Role of Development Co-operation in Middle Income Countries, Concept Note. New York: UNDP.

³³ Glennie, Jonathan and Gail Hurlley. June 2014. Where Next for Aid? The Post-2015 Opportunity. Discussion Paper. New York: UNDP and ODI. Available at: http://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/development_co-operationandfinance/where-next-for-aid--the-post-2015-opportunity.html

³⁴ See Annex 3 for list of sample questions.

³⁵ Full list of interviewees can be found in Annex 2.

representing different typological backgrounds, preferably on a larger scale, to compare the outcomes.

4. The data collection was limited in its access to stakeholders. Particular challenges in undertaking data analysis included incompatible findings found between qualitative and quantitative methods on some occasions.

5. Considerable variance can exist within the same country. The current study is limited to the perceptions of respondents who were mostly based in capital cities. Consequently, certain aspects related to the subject of the current study, such as the role of decentralised co-operation on key enablers, were not well captured. Future research studies should aim to examine the current research topic in a multi-regional context.



V. Synthesis of Findings

1) Existence of key enablers for driving positive changes in MICs

Based on available data across the four countries surveyed, the study validated the following enablers as particularly relevant for facilitating positive change, which can lead to attaining higher levels of development:

- All cross-cutting enablers were seen as positively correlated with development processes / outcomes in the four countries surveyed, particularly in light of addressing inherent MIC challenges such as persistent poverty, inequality and vulnerability to macro-economic shocks and natural disasters. **Public-private collaboration for co-designing solutions** was visible often in the form of public-private partnership (PPP) policies and programmes. PPPs in the MICs under analysis tend to show positive results for attracting private capital, while their long-term impacts on development will require further evidence. Jamaica in particular exhibits a strong focus on strengthening the private sector including small and medium enterprises (SMEs), while PPPs in Kazakhstan and Vietnam attract mostly large corporations. Development partners should play strategic roles in MICs to support public-sector entities in building the institutional and technical capacities to plan, design and manage cost-effective and pro-poor PPPs to ensure a balance between private incentives and public goals. In countries such as Ghana and Vietnam, where the need for aid co-ordination is great given the multiplicity of development co-operation providers, **co-designing and participatory monitoring and evaluation (PM&E)** processes were considered the key enablers for enhancing inclusive development planning, broad-based ownership of development co-operation and accountability. All cross-cutting enablers seem particularly relevant for MICs in transition such as Kazakhstan, where the demand for social

restructuring and transformation is great, and the capacity for creating an enabling environment remains limited.

- The need for public-sector reforms was evident in all four MICs surveyed. Consultations in all four countries suggest that the **capacity for integral planning and managing complexity** seems increasingly relevant, recognising the need to develop holistic financing strategies in the context of the more complex and diversified flows / actors inherent to the current development co-operation landscape. In this regard, development co-operation could provide a necessary impetus to support countries in developing and implementing country-led integrated national financing strategies to enhance the quality of public expenditure and policy coherence. To this end, planning tools such as Development Finance Aid Assessments (DFAAs) could be utilised and development partners could simultaneously facilitate inter-regional co-operation efforts. Stakeholders interviewed in Ghana and Jamaica also highlighted the importance of **co-operation between political and administrative leadership and the removal of obstacles undermining public servants' performance** in their country contexts. Additionally, the capacity to innovate was viewed as essential to maximising development effectiveness in all four MICs. MICs undergoing massive migration of population, including Jamaica and Vietnam, could take creative measures such as targeted remittances (e.g. diaspora bond) to strategically thwart the potential threats associated with population loss and capital flight: these efforts, however, should be supported by coherent government policies.
- While most private-sector enablers were acknowledged as vital in the four MICs examined, it appears premature to attempt to validate them at the current stage of private-sector development.

Technologically-oriented development is, however, seen as critical for addressing the unique challenges facing MICs such as productivity slowdown due to the lack of value-added specialisation and technological advancement. This is particularly relevant to MICs aiming to shift from resource-dependent to more sustainable growth models (Ghana and Vietnam) or MICs dealing with exogenous shocks associated with geographical limitations such as Jamaica (SIDS), Kazakhstan (LLDC) and Vietnam (a country highly vulnerable to the negative impacts of climate change). To the latter group of countries, driving **broad participation in sustainable urbanisation and livelihoods** was also of priority concern.

- Due to overlap with cross-cutting enablers, non-governmental sector enablers are not discussed separately in this study.

2) Development co-operation's catalytic role in supporting key enablers

In the MICs surveyed, development co-operation plays an incentivising role in strengthening key enablers for positive change in development processes, rather than just filling a financial gap. Key insights and policy considerations derived from the four-country analysis include the following:

- **Strengthening national capacity:** The contribution of development co-operation in strengthening capacities of all national development actors is seen as instrumental across the four MICs surveyed. This role is growing in its importance in the context of the increasing complexity of development challenges and partnership landscapes and the capacity-building support provided by development co-operation is perceived to have positively contributed to most key enablers. For instance, development partners provided support for strengthening: technical capacity and policy frameworks for co-designing processes (PPP) in Jamaica; sectoral capacity for NGO engagement in Jamaica; and institutional and Human Resource capacities in participatory government projects in Kazakhstan.
- **Mainstreaming inclusive development:** Against the backdrop of rising inequality in MICs, development co-operation facilitates inclusive approaches to co-development processes and the strengthening of all cross-cutting enablers. Its support ranges, from enhancing regulatory frameworks and capacity for institutionalising social dialogue processes in Ghana, to providing financial and technical assistance to build the analytical capacities of stakeholders and bring more citizens to PM&E processes in Vietnam, to support to building sufficient levels of networked social capital through knowledge transfer and coalition development for CSOs in Kazakhstan. Consultations noted that these efforts were catalytic to building broad-based country ownership and an accountability role for sub-national actors, helping to achieve more inclusive and equitable development.
- **Incentivising structural transformation and innovation:** Development co-operation is recognised for its role in providing MICs with much needed 'stimulus' to shift from labour-intensive specialisation towards innovation and technological solutions to sustain productivity growth and avoid the middle-income trap. Its positive contributions were noted in areas including: government capacity to innovate (public-sector enabler); skills development and human capital (private-sector enabler); green growth; and more human-centred / technologically-oriented development (private-sector enablers). These co-operation efforts fall largely under the umbrellas of policy advice; institutional and HR capacity support; and knowledge partnerships and transfer of technologies, including through South-South Cooperation (SSC) and Triangular Co-operation (TrC); all of which help countries realise benefits that go well beyond funding. More broadly, the role of development co-operation in catalysing all enablers with a view to maximizing a country's contribution to regional and global public goods requires further evidence.

- **Taking a contextualised approach:** As MICs move through different stages of development, with evolving priorities and distinct economic / environmental vulnerabilities, tailored development co-operation interventions are in greater demand.³⁶ Examples of customised efforts yielding positive results include: provision of technical co-operation to social dialogue processes in identifying locally-relevant solutions for energy efficiency and resilience to exogenous shocks in Ghana; culturally relevant capacity-building support for social dialogue processes with trade unions in Vietnam; and the provision of context-specific policy recommendations for skills development strategies in Kazakhstan. It is vital for development co-operation providers to base their support on a country's changing needs and choose strategies and modalities that are flexible and responsive to each context.
- **Providing targeted support:** Targeted support from development partners, focusing on capacity development and policy advice, has contributed to the development of important frameworks and mechanisms to strengthen institutional capacity and spur partnerships in partner countries. These efforts have created an enabling environment for government to lead the processes of *co-defining problems and co-designing solutions* and manage complex partnership activities, bringing key development actors under common goals, as in the case of Jamaica. Targeted co-operation modalities can also result in the creation of mechanisms to attract long-term private investments suitable for sustainable infrastructure development, and as such, partners should aim to target support around the development of SMEs.
- **Improving the quality of development co-operation:** Relevant to all enablers is the pressing need for



development partners to align with national development priorities and use country systems, including national M&E mechanisms, and to harmonise efforts with other partners. This concern is especially high in MICs, which often face prolific and fragmented co-operation activities. To this end, the aid effectiveness agenda and effective development co-operation principles remain particularly relevant, calling for greater efforts for compliance.

³⁶ In relation to diverse country profiles, including MICs, there is a growing consensus within the international community that the allocation for international public finance in the post-2015 era should take into account a more comprehensive assessment approach beyond GNI per capita criterion, reflecting the integral needs and realities of countries, such as their capacities to mobilise domestic and external resources, social indicators (e.g. UNDP's Human Development Index that includes a multi-dimensional poverty indicator), etc.. For more information, see: Glennie, Jonathan and Gail Hurley. June 2014. Where Next for Aid? The Post-2015 Opportunity. Discussion Paper. New York: UNDP and ODI.

VI. Country Case Study Findings

In this section, the report provides a brief description of each country setting and summarises the main findings of the four case studies, including an assessment of the most relevant enablers observed in each country and the role of development co-operation in each context. These findings attempted to answer the two groups of research questions – understanding the enablers of change and identifying the role of development co-operation – as discussed in Section III – however, the subsequent section does not follow the exact order or the breakdown of those questions for the purpose of bringing out salient points more clearly.

Jamaica



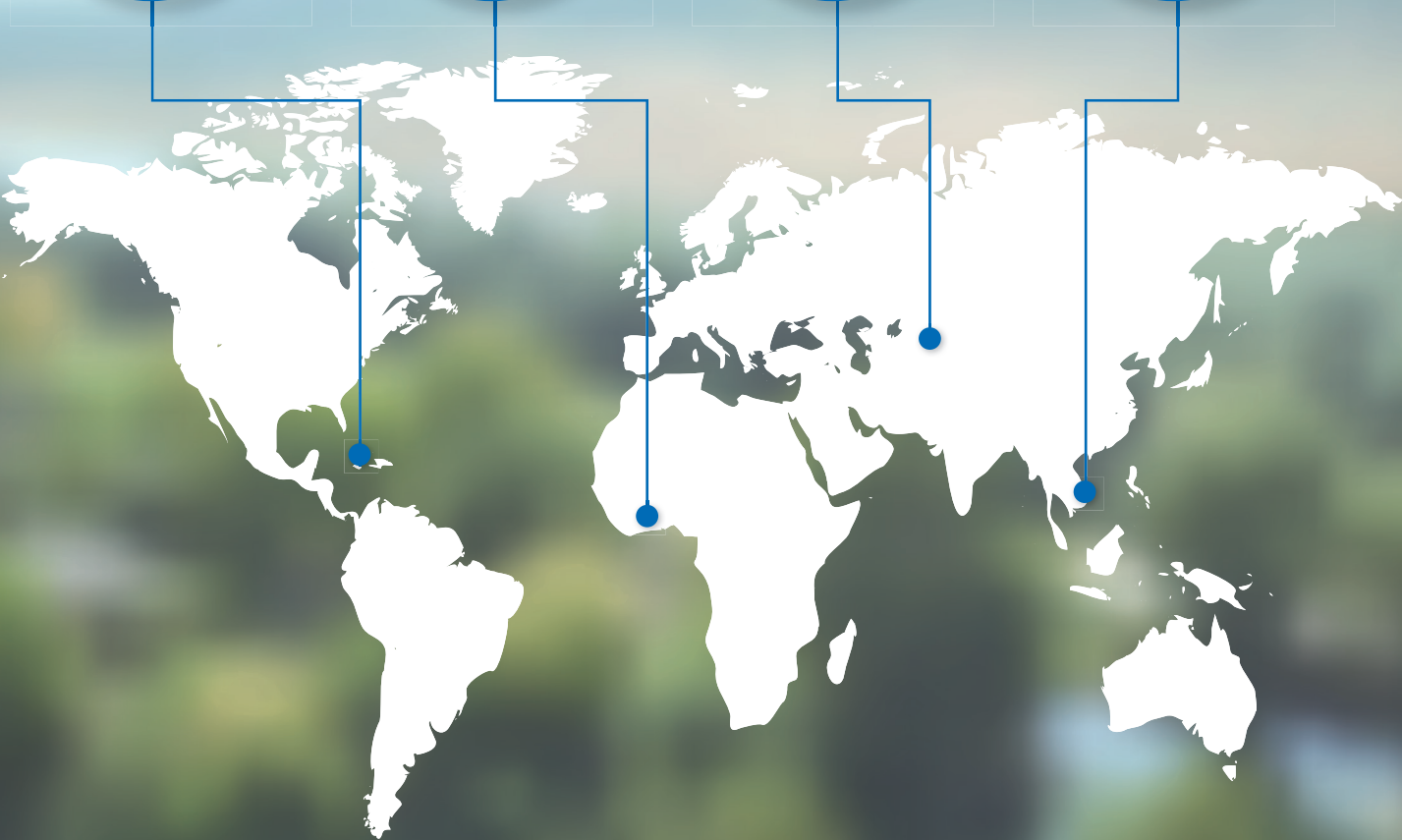
Ghana



Kazakhstan



Vietnam





Ghana

1) Country Context

Known as a frontrunner of development in West Africa, Ghana is one of the very few sub-Saharan African countries to successfully meet MDG 1 and reduce the proportion of the population living below the national upper poverty line. Focusing on economic growth as the basis for a sustained poverty reduction strategy, its growth rates remain higher than those of most countries in West Africa and the African continent as a whole.³⁷

Ghana's economy, which had been dominated by the agricultural sector, has seen gradual growth of the service-oriented sector since 2009. One of the most resource-rich African countries, extractive industries are also attracting an increasing number of foreign investors to Ghana, which is recognised as a stimulant for local industries such as hospitality and real estate. In order to address the potential risk of mismanagement of extractive revenues, Ghana established a Public Interest and Accountability Committee in 2011 and recently started publishing *Extractive Industries Transparency Initiative (EITI) Reports*.³⁸

In November 2010, the Government of Ghana undertook a GDP rebasing exercise³⁹, which resulted in expedient growth of its GDP from USD 15.3 billion to USD 25.8 billion⁴⁰ and its graduation into the lower middle-income country (LMIC) category. While LMIC status was achieved based on the GDP rebasing

exercise, a number of the stakeholders interviewed pointed out the need for the country to address several development challenges common to LICs.

In addition to tackling grave macro-economic challenges – such as a rising fiscal deficit; inflation; the impact of falling oil and gas prices; and loss of access to concessional aid (due to its MIC status), Ghana faces growing concern over income disparity and social inequality. Extreme poverty is as high as 60 and 79 per cent in the Upper East and Upper West regions respectively, which negatively impacts the country's health and education indicators. Consultations recognised 'exclusion' and 'under-development of certain regions as the most common disablers in the Ghanaian context, impeding the country's progress towards inclusive and equitable sustainable development.

Key areas in need of development assistance as identified in the 'Government of Ghana – Development Partners Compact 2012-2022' include reduction of disparities and inequalities; human development; modernisation of agriculture; development of strategic infrastructure; transparent natural resource management and environmental governance; democratic and accountable governance; development of non-governmental and private sectors⁴¹; and strengthening of public institutions and systems.⁴² In addition, despite its new MIC moniker, Ghana

³⁸ 2013. Ghana 2013 EITI Report. Accra: Extractive Industries Transparency Initiative. Available at: <https://eiti.org/report/ghana/2013>.

³⁹ The Ghana Statistical Service announced that rebasing of national economy accounts from 1993 to 2006 base had been completed. Two previously underestimated sectors – banking and telecommunications – as well as other services were newly included in the national economy accounts

⁴⁰ T. Moss, S. Majerowicz. 2012. No Longer Poor: Ghana's New Income Status and Implications of Graduation from IDA. Washington, D.C.: Center for Global Development, 2.

⁴¹ Includes among others: support for business associations; creating an enabling environment for private sector investment and public-private partnerships (PPPs); technical assistance for human resource development in the private sector; increasing access to appropriate technology transfer; and improving efficiency and competitiveness of Micro, Small and Medium Enterprises (MSMEs).

⁴² Government of Ghana. 2012. Leveraging Partnership for Shared Growth and Development. Government of Ghana – Development Partners Compact 2012-2022. Accra, Ghana: Government of Ghana, 16-21.



has not lost its ‘donor darling’ status. The number of development partners operating in-country has grown steadily from 18 in 1970, to 44 in 2010⁴³, to 47 in 2014. Currently, 23 multi-lateral⁴⁴ and 24 bi-lateral development partners⁴⁵ are operating in Ghana. Multi-lateral inflows in 2000-2012 were dominated by the International Development Association (IDA), constituting on average 48 per cent of total ODA (Ghana is IDA-eligible based on per capita income levels and creditworthy for some IBRD borrowing⁴⁶). Categorized as a middle-income gap country by the African Development Bank (AfDB), the interviewees representing the AfDB noted that Ghana still faces the possible threat of falling back into a debt trap.

Ghana’s main bi-lateral development partners include Canada, Germany, Japan, the Netherlands, the UK and the USA, accounting for 60 per cent of bi-lateral ODA and 44 per cent of total ODA flows in the 2000-2012 period. These figures underscore the trend of proliferation and fragmentation in development co-operation, as the remaining 18 bi-lateral partners account for 40 per cent of bi-lateral flows. While bi-lateral partners do not share a common strategic approach towards Ghana’s development, two distinct priority areas of bi-lateral cooperation seem to include support for private sector development and social development. In addition, SSC is growing in its scale and importance, particularly with China and India.

Ghana’s ODA portfolio consists of four categories of assistance: project aid; budget support; balance of payments support; and debt relief funds. The dominance of project aid, which accounted for approximately 50 per cent of ODA in 2000-2010, is

often off-budget. This has led the Ghanaian Aid Policy (2009-2015) to call for better alignment of development co-operation programs with country systems. Budget support, as the second largest component of total ODA, constituted an average of 32.6 per cent of total assistance in 2000-2012.⁴⁷

2) Enablers and Development Co-operation

Based on the availability of data, some enablers were validated in the Ghanaian context through interviews with 29 national stakeholders. The following observations were made on the status of the enablers or their impact on development effectiveness, in relation to the role of development co-operation:

Validated cross-cutting enablers:

Institutionalised social dialogue for co-definition of problems; and PM&E

- Consultations recognised the positive role played by cross-cutting enablers in achieving an inclusive and equitable sustainable development agenda, among which *institutionalised social dialogue for co-definition of problems* seems particularly prominent. Systemic social dialogue processes are secured by law in Ghana and are deeply rooted in its society, where democracy, tolerance and freedom of expression are considered unquestionable values. One project designed and implemented in line with national consultation guidelines is the ‘Promoting of Appliance of Energy Efficiency and Transformation of the Refrigerating Appliances Market in Ghana (2011-

⁴³ Lawson, Marianne Leonardo. 2013. Foreign Aid: International Donor Coordination of Development Assistance. Congressional Research Service Report R411. Washington D.C.: Congressional Research Service. Available at: <http://fpc.state.gov/documents/organization/142758.pdf>.

⁴⁴ The multi-laterals as of 2014: the World Bank, African Development Bank (AfDB), European Union (EU), Nordic Development Fund, Arab Bank for Economic Development in Africa, European Investment Bank, OPEC, Global Fund to Fight Aids, Tuberculosis and Malaria (Global Fund), Global Alliance for Vaccines and Immunization (GAVI), and 12 organs / agencies of the United Nations.

⁴⁵ As of 2014, the bi-lateral group includes traditional donors, such as Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, UK, and USA and non-traditional donors such as the BRICK countries, the Saudi Fund and the Abu Dhabi Fund.

⁴⁶ IDA Borrowing Countries; available at: <http://www.worldbank.org/ida/borrowing-countries.html> (access 14.12.2014).

⁴⁷ Ashong, Samuel Nii-Noi and Richard Gerster. 2010. ‘The Performance Assessment Framework of Development Partners (DP-PAF)’; in Ghana Baseline Report 2008/0. Accra, Ghana: Gerster Consulting, 10.

2014)' project, funded by the Global Environment Facility (GEF) (USD 1.7 million), Government of Ghana (USD 3.0 million), UNDP (USD 0.2 million) and Multilateral Fund (MLF) (USD 2.0 million). The project involved relevant stakeholders across multiple sectors from its formulation stage through the Local Project Approval Committee⁴⁸, which collectively co-defined problems and performance indicators. The Energy Commission, an implementing partner (also consisting of multiple stakeholder groups and technical experts), lead the social dialogue process.

Supporting the institutionalisation of social dialogue processes, development partners provided funding and technical assistance to enhance institutional capacities including skills-development. Interviewees commented that the interventions of development partners provided the necessary 'impetus' for the project to achieve its objective of strengthening energy efficiency and promoting locally-relevant energy conservation measures through the wide distribution of appliances and attracting interest and participation from the public. Understanding local problems and solutions through institutionalised social dialogue processes and strategic collaboration

among stakeholder groups, including effective communication between development partners and the Energy Commission, were seen as primary success factors.

Most interviewees underlined the importance of incorporating clear guidelines on co-designing processes in mid / long-term national development strategies as an important step towards raising awareness and facilitating further social dialogue. Stakeholders also highlighted the need to advance social dialogue from the current consultative to a heightened, co-decision-making level, also noting the need to further identify the specific capacities or conditions crucial to making this advancement possible. This will require tremendous institutional, technical and financial capacities and strong political will. To this end, development co-operation has a critical role to play in support to creating an enabling environment for institutionalised social dialogue for co-definition of problems.

- Ghana has elaborate institutional arrangements for *participatory monitoring and evaluation (PM&E)* at the district, national and regional levels, supported by

Box 2: Grassroots Economic Literacy and Policy Advocacy Programme (GELAP)

In order to enhance participatory decision-making at all levels of the health sector, SEND-Ghana, an Accra-based NGO, implemented the Grassroots Economic Literacy and Policy Advocacy Programme (GELAP), through a participatory monitoring and evaluation (PM&E) mechanism. GELAP aims to monitor the National Health Insurance Scheme to improve the implementation process of pro-poor policies in the Ghanaian health sector. The use of a PM&E allowed citizens, especially traditionally marginalised groups within society, to participate in the monitoring process by organising a social network to monitor the health system at three levels of society, including community, regional and central.

At the community level, 11 representatives from a diverse set of stakeholders (women, farmers, churches, persons with disabilities and local leaders, etc.) were responsible for collecting data and identifying key issue areas of implementation, which were further translated into policy notes. As a result of this effective participatory monitoring and evaluation process, general results of the programme's implementation show positive results, with the network operating in 54 of the 170 districts in Ghana. An additional enabling effect of this project was the enhancement of SEND-Ghana's capacity in M&E and the establishment of solid community level structures for participatory M&E.

the 1992 Constitution and several Acts of Parliament. Ghana's M&E guidelines, set by the National Development Planning Commission (NDPC), place strong emphasis on the involvement of governments, CSOs and development partners in PM&E approaches and creating effective feedback mechanisms.⁴⁹

In this context, development co-operation has contributed to raising the awareness of PM&E processes and promoting greater participation among relevant stakeholders. One example of NGO-driven co-monitoring and co-evaluation initiatives is the 'Grassroots Economic Literacy and Policy Advocacy Programme (GELAP)' developed by 'SEND-Ghana', which was implemented through a PM&E approach. Funded by several development partners including the EU, private foundations and international NGOs, the scope of the SEND-Ghana project includes: PM&E, participatory research; policy education; policy dialogue with government and policy response tracking (see Box 2).

Despite encouraging evidence of growing capacity for PM&E among relevant stakeholders, barriers such as weak national statistical capacity and inadequate information management systems continue to impede progress. In this regard, development partners could complement government efforts and further invest in efforts to strengthen national PM&E systems / local expertise and incentivise the sharing of data with the public. Through PM&E, development partners could also promote evidence-based policy making to support the government in better targeting public investments and policy interventions. Additionally, a number of stakeholders pointed out the pressing need for development partners to align their M&E frameworks with

country systems, which could contribute streamline administrative costs for partner governments and strengthen national capacity and ownership.

- Highlighting the positive influence of involving *networked social capital* in development processes in Ghana and the need to scale up the level of engagement, stakeholders noted the lack of a strategic UN approach for the development of civil society, underlining the potential role the Civil Society Advisory Committee to the UNDP could play at the country level.

Validated public-sector enablers: removal of obstacles undermining public servants' performance and capacity for integral planning and management of complexity

- In Ghana, there is an urgent need for public administration reform to achieve adequate institutional capacity, HR management, staff development and space for innovation. Interviewees from the public sector perceived the *removal of obstacles undermining public servants' performance (e.g. job insecurity in public service)* as a prerequisite to augmenting the capacity of the government to lead and deliver on a long-term sustainable development agenda. Interviewees also highlighted the importance of incorporating refined transparency measures into integrated national planning and financial management systems for well-informed public oversight.

In the context of a dramatic shift toward project support, stakeholders also noted the pressing need

⁴⁸ The Steering Committee included representatives from main stakeholder groups involved in the project including: the Ministry of Energy (MoE), Environmental Protection Agency, Ghana Standards Board, Energy Foundation, Ministry of Trade and Industry (MOTI), Ghana Revenue Authority - Customs, Excise and Preventive Services (GRA-CEPS), Council for Scientific and Industrial Research – Institute of Industrial Research (CSIR-IIR), Consumers Association of Ghana (CAG), Consumer Protection Agency (CPA), Ministry of Environment, Science and Technology and Innovation (MESTI), MOFEP, National Air Conditioner and Refrigerators Workshop Owners Association (NARWOA) and Refrigeration and Air Conditioner Engineers Association of Ghana (RAAG).

⁴⁹ Dery, Bruno B. 2013. Building M&E Capacities to Enhance the National M&E System in Ghana – The Way Forward. Paper presented at "3rd International Conference on National Evaluation Capacities (NEC) - Solutions to Challenges Linked to Independence, Credibility and Use of Evaluation," 29 September -2 October 2013, Sao Paulo, Brazil

for stronger government *capacity for integral planning and management of complexity*. It is critical for the Government of Ghana and its development partners to ensure, through joint-review processes, that they share a common understanding of how their policies can be adjusted to the changing needs of the country as an emerging MIC. In this regard, development partners could play a strategic role in the areas of capacity support and changes to national policies.

Validated private-sector enablers: *Green growth and human-centred / technologically-oriented development (weak evidence as of now)*

- Private sector development, and transforming the country's economy into a multi-sector structure characterized by sustainable growth, has been placed at the forefront of the Ghanaian government's development agenda. While efforts towards structural change have seen some positive results⁵⁰ and consultations noted the potential benefits of pursuing *green growth and human-centred /*

technologically-oriented development, the country still faces tremendous challenges to building sustainable infrastructure suitable for green growth, along with the need to increase and attract investment in human capital and green technologies.

Ghana has long been the centre for Foreign Direct Investment (FDI) in West Africa with its inflows on the rise, from USD 855 million in 2007 to USD 3.2 billion in 2012, accounting for almost 20 per cent of total FDI inflows to the ECOWAS region.⁵¹ While FDI is considered the most stable, long-term source of private sector foreign investment, it can have negative impacts on the Ghanaian economy and development including through high profit repatriation, greater exposure to macroeconomic risks and limited accountability and transparency, among other risk factors. Development partners can play strategic roles in strengthening private sector enablers through driving investment toward less resource-intensive sectors and facilitating the transfer of green technologies. In addition, development partners could support the Government of Ghana in developing creative



measures to address misaligned private incentives and prevent any unintended consequences of FDI inflows. Further empirical evidence is needed to take this inquiry forward.

3) Findings and Policy Messages

- Evidence shows that all cross-cutting enablers, including *institutionalised social dialogue for co-definition of problems and PM&E* in particular, have contributed to achieving positive development outcomes in Ghana, with the legislative and institutional support of the government.
- In Ghana, there exists a visible need for public administration reforms: in this regard, stakeholders perceived the need to *remove obstacles undermining public servants' performance* and to improve *capacity for integral planning and management of complexity*. While no evidence is currently available on the effect of adopting *green growth models, technological solutions and people-centred development on development* in Ghana, stakeholders acknowledged the importance of these enablers to support the country's implementation of the sustainable development agenda.
- It was noted that development partners should continue to provide financial and technical support to enhancing the legislative, institutional and technical capacities of stakeholders in developing more robust *social dialogue and PM&E* processes. In the case of projects aiming for greater energy efficiency, observation shows the tailored interventions of development partners catalysed broader social dialogue processes, which contributed to the identification of locally-relevant solutions and a building-up of the country's resilience to exogenous shocks. Development partners could also promote
- evidence-based policy making through *PM&E* to support the Ghanaian government in better targeting public investments and policy interventions. In supporting this endeavor, development partners should make a concerted effort to align with national M&E mechanism and use country systems.
- Consultation recognised the strategic role of development co-operation in strengthening public-sector enablers and capacities, including through provision of capacity support and policy advice. These efforts seem to have contributed to the creation of a nation-wide enabling environment and stronger country ownership for achieving a number of positive development outcomes. In supporting this, the consultation highlighted the negative impacts of misaligned development priorities between government and development partners, again underscoring the importance of development partners' efforts to align their support with national development priorities. Stakeholders also emphasised the need for refined transparency and accountability systems, and effective development co-operation principles remain especially critical in this regard.
- It was noted that additional empirical evidence is required to further examine the potential benefits and limitations of FDI inflows and the inadvertent consequences of resource-dependent growth strategies on the Ghanaian economy and development. Building on such analysis, further analytical work would be useful to shed light on how different development co-operation strategies support alignment of private incentives with public goals in the Ghanaian context. To this end, development partners could consider investing resources in Ghanaian academic institutions and think tanks.

⁵⁰ The service sector became the largest contributor to GDP: Ghana Statistical Service. 2012. Ghana's Economic Performance 2011 in figures. Accra, Ghana: Ghana Statistical Services. Available at: http://www.statsghana.gov.gh/docfiles/GDP/EconomicPerformance_2011.pdf

⁵¹ Okudezeto, Eline, et al. 2014. Ghana 2014: African Economic Outlook. Abidjan, Cote d'Ivoire: African Development Bank, 7.





Jamaica

1) Country Context

Jamaica has been classified as an upper middle-income country (UMIC) since 2007, with a GNI per capita of USD 5,290.⁵² Although the country reached MIC status in 2004 and was able to make significant progress on most of the MDGs, many socio-economic challenges persist. While the Government of Jamaica continues to place poverty and debt reduction at the centre of its development agenda, real per capita GDP increased at an average of just one per cent annually over the past 30 years, making Jamaica one of the slowest growing developing countries in the world.⁵³ As one of the Small Island Developing States (SIDS), Jamaica is also highly vulnerable to natural disasters, with over half of its population living in high mortality risk areas.⁵⁴

In 2008, Jamaica was hit hard by the negative impacts of the global economic and financial crisis, with a decline of real GDP by 3.4 per cent in 2009. In addition, out-migration continues to characterize the Jamaican population shift. In 2012, the net migration rates reached -80,000, with high unemployment rates among youth (15-24 years)⁵⁵ and high incidences of crimes⁵⁶ triggering population outflow.⁵⁷

Jamaica is dominated by its services industry (accounting for 73 per cent of GDP and employing 67 per cent of its population), followed by the manufacturing and

agricultural sectors.⁵⁸ It is also the fourth largest tourism economy in the Caribbean region. According to the IMF, the country is characterised by its large informal economy, accounting for 40 per cent of GDP.

The country is heavily indebted, its greatest constraint of development. National debt was over 130 per cent of GDP in 2013, one of the highest ratios in the world.⁵⁹ Based on the Jamaican constitution, public debt is the 'first call' on the national budget, which results in setting aside almost 40 per cent of its budget for meeting debt obligations, even before allocating for socio-economic programmes. To keep its economy growing and escape the middle-income trap, the following priority issues were identified by stakeholders: public debt; formalisation and diversification of economy with increased competitiveness; poverty reduction; social protection; private sector development; and economic and environmental sustainability associated with its SIDS status.

With declining development assistance and growing donor fatigue, efforts were initiated in the mid-2000s to strengthen the effectiveness of development cooperation by pursuing greater donor co-ordination and harmonisation, constituting the beginning of a programme approach and sector-wide programming. Bilateral co-operation programmes accounted for 10 to 20 per cent of ODA in the 2000 – 2014 period with bi-

⁵² Based on Atlas method, World Bank: <http://data.worldbank.org/country/jamaica>.

⁵³ The World Bank. "Country Overview Jamaica," The World Bank, 5 May 2015. Available at: <http://www.worldbank.org/en/country/jamaica/overview>.

⁵⁴ The World Bank Hazard Management Unit. 2005. Natural Disaster Hotspots. A Global Risk Analysis. Washington, DC: The World Bank, 8.

⁵⁵ The unemployment rate in Jamaica is about 13.4% (end 2013/14), with youth unemployment more than twice the national rate. *ibid.* see <http://www.worldbank.org/en/country/jamaica/overview>

⁵⁶ High indexes of crime and insecurity affect people's lives and hamper business – Jamaica has one of the Western Hemisphere's highest murder rates (44 per 100,000 population in 2013): Planning Institute of Jamaica. 2014. Economic and Social Survey Jamaica 2013. Kingston, Jamaica: The Planning Institute of Jamaica, 1-372.

⁵⁷ The country has a large diaspora (mainly in the UK, US and Canada). According to the U.S. Census Bureau, 2009-2013 5-Year American Community Survey, there were 925,165 Jamaican Americans living in the US: US Department of Commerce. "American Fact Finder," Government of the United States of America, 7 May 2015. (http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_13_5YR_B04001&prodType=table);

The British Office for National Statistics estimated that the number of Jamaican-born residents in UK was 150,000 in 2013: Office for National Statistics. 2014. Population by Country of Birth and Nationality Report. UK: Office for National Statistics. (http://www.ons.gov.uk/ons/dcp171776_375449.pdf); and 126,035 Jamaican immigrants were registered in 2011 in Canada (<http://www12.statcan.gc.ca/nhs-enm/2011>).

⁵⁸ "The World Bank Indicators | Data" Data | The World Bank. Web. 8 May 2015.

⁵⁹ *Ibid.*, 86.

lateral grants significantly tapering off during this time (except for significant inflows of loans from China for economic infrastructure development).

Jamaica has thus been moving away from aid dependency toward a self-reliant development policy. Small donors have already left the country and the main challenge for the government is effective management of remaining ODA resources in order to achieve its 'Vision 2030 Jamaica – National Development Plan', which envisions that the country may reach high-income status by 2030. The Government of Jamaica, with the support of the UNDP Jamaica Country Office, is currently developing its Development Effectiveness Strategy to provide a co-ordinated framework for development co-operation, engaging all development partners in this effort, including private sector entities.

2) Enablers and Development Co-operation

Based on the availability of data, several enablers were validated in the Jamaican context through interviews with 23 national stakeholders. The following observations were made on the status of these enablers and/or their impact on development effectiveness in relation to the role of development co-operation in Jamaica:

Validated cross-cutting enablers:
institutionalised social dialogue processes for co-defining problems; public-private collaboration for co-designing solutions; and PM&E

- Consultations with national stakeholders noted the positive effect of this cross-cutting enabler. Jamaica's commitment to *institutionalising its social dialogue processes for co-defining problems* is reflected in its Ministry paper (1993): Charter for Civil Society, including Article XVII.7 in 1995; and 'Jamaica 2015: A framework and action plan for improving effectiveness, collaboration and accountability in the delivery of social policy' and a number of development partners have helped strengthen the role of social dialogue processes. For example, the EU

prioritised support to social dialogue as one of its key instruments for development co-operation efforts. In 2014, the EU began developing its 'Roadmap for Engagement with Civil Society', aiming to structure and formalise social dialogue processes in its development co-operation efforts. All interviewees acknowledged and welcomed the EU's strategic role in strengthening the capacity of the non-governmental sector in Jamaica.

- *Public-private collaboration for co-designing solutions* is visible in the form of Public Private Partnerships (PPPs) policy in Jamaica. Since 1994, the government has utilised PPPs to support public infrastructure and services (e.g. building of airports, road concessions, etc.).⁶⁰ Amongst the biggest PPP projects are the Kingston Container Terminal (KCT)⁶¹ and Norman Manley International Airport (NMIA)⁶², both a part of the 'National Development Plan: Vision 2030'. While these PPPs are intended to increase the cost-effectiveness of service delivery, spur innovation, attract more investment and create jobs, there exists no evidence yet on their long-term impact on growth and development in Jamaica.

The catalytic role of development co-operation in Jamaica is further illustrated in the processes of developing the current PPP framework, which was prepared in 2012 in co-operation with the Inter-American Development Bank (IADB). This effort was initiated to enhance the institutional capacity and policy frameworks of the government and to build on the experiences and lessons learned from reengineering the former monitoring and co-ordination systems.⁶³ The IADB provided technical assistance to expand government capacity (a technical advisor to help operationalise the PPP units at both the Development Bank of Jamaica and within the government) and supported staff development through implementation of quality training programmes at both institutions. This targeted support, focusing on capacity development and policy advice, has contributed to the government's important framework to spur public-private partnership and strengthen institutional capacity;

Box 3: Economic Programme Oversight Committee (EPOC)

In May 2013, the Ministry of Planning and Finance of Jamaica developed a unique PM&E tool as part of governmental commitments to transparency in the administration of the country's Economic Reform Programme. The Economic Programme Oversight Committee (EPOC) was developed as a participatory oversight mechanism for the economic framework of Jamaica, with the intent of systematically reviewing the Memorandum of Economic and Financial Policies (MEFP) and communicating progress to the public. The successes of the EPOC model include:

- Broad participation of stakeholders representing the public sector, private sector and civil society on the EPOC;
- Monitoring of the agreed economic reforms targets outlined by government; and
- Greater communication and transparency for the public on economic management including a monthly review of MEFP's progress published in media and blog posts.

lead the co-designing of solutions; and manage a complex partnership structure that organises key development actors under a common goal.

Strategically directing ODA to the private sector is also seen as an important driver of change in Jamaica. Stakeholders noted the obstacles experienced by the private sector including slow bureaucratic processes and a low level of flexibility on the side of development partners. As development partners explore instruments to enhance the effectiveness of development co-operation to support private sector engagement and facilitate their timely contribution to development, further efforts will be needed to improve the speed and flexibility of development co-operation processes.

- *Participatory monitoring and evaluation (PM&E)* has a strong presence in Jamaica. The country developed

a unique PM&E tool in response to the Economic Reform Programme implemented by the Ministry of Finance and Planning and the IMF. For instance, an '*Economic Programme Oversight Committee (EPOC)*' was set up in 2013, consisting of representatives from public, private and non-governmental sectors, to co-monitor and co-evaluate progress in implementing the Memorandum of Economic and Financial Policies (MEFP) in a systematic manner and to communicate findings to the general public via various media-related mechanisms (see Box 3). This initiative was welcomed by the IMF Managing Director, who stated: "*I met with them [EPOC members]... and I came away extremely impressed with their commitment and dedication to improve the economic situation of Jamaica. This is clearly a model, going forward, and it is one that will, from my point of view, be replicated in many other programmes...*"⁶⁴ Stakeholders are already moving forward in examining ways to

⁶⁰ More examples of PPP projects in Jamaica, see: http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=15&ved=0CDgQFjAEOAo&url=http%3A%2F%2Fwww.mtw.gov.jm%2Fcommunications%2Fnews_notices%2Fnotices%2FTheFutureBeingImplementedNow-SectoralDoc.pdf&ei=pLocVYuBA8nooASR9YClCg&usq=AFQjCNENKs8X2tISUOuW_gJB05jTs6880Q

⁶¹ More information can be found at: <http://www.dbankjm.com/public-private-partnership/transactions/kingston-container-terminal-kct/>.

⁶² More information can be found at: <http://www.nmiaopportunity.com/>.

⁶³ Development Bank of Jamaica Limited. 2012. Shaping New Partnerships for National Development. Policy and Institutional Framework for the Implementation of a Public - Private Partnership Programme for the Government of Jamaica: The PPP Policy. Available at: http://dbankjm.com/files/public-private-partnership/ppp_policy.pdf

⁶⁴ McIntosh, Douglas. "IMF Head gives Gov't Thumbs up for establishing EPOC," Jamaica Information Service; Available at: <http://jis.gov.jm/imf-head-gives-govt-thumbs-establishing-epoc/>.

improve PM&E processes to maximise development effectiveness for both providers and implementing partners. Development partners should continuously provide support to facilitate PM&E processes of the EPOC and also engage in joint assessment, knowledge sharing, policy debates, etc.

Validated public-sector enablers: *co-operation between political and administrative leadership (weak evidence for now)*

- Civil service in Jamaica has a long history and thus the institutional structure of public administration is well-established and generally resilient to political changes in government. The Planning Institute of Jamaica (PIOJ)⁶⁵, designated as an intermediary institution in charge of *co-operation between political and administrative leadership*, is highly appreciated by development partners as it leads the process of policy formulation on economic and social issues and facilitates collaboration with development partners in the identification and implementation of projects. Consultations noted the positive impacts of efforts for increasing *co-operation between political and administrative leadership* on development, while highlighting the need to further strengthen this enabler.

Validated private-sector enablers: *green growth strategy*

- *Green growth* is seen as an optimal development strategy for SIDS, like Jamaica, which benefit from the tourism industry. As the country is extremely vulnerable to both natural hazards and shocks from global markets (15 per cent of Jamaica's GDP is utilised on fossil fuel import), building resilience to these exogenous shocks is of high priority. The *green-growth* enabler is considered one of the key enablers in this context. Its green economy model can address these issues including through: renewable energy

development; adaptation and mitigation of strategies to climate change; promotion of equitable and inclusive growth; equal access to employment; etc.⁶⁶

Development partners remain active in incentivising green growth and sustainable development strategies through increased financial contributions, policy advice, knowledge sharing and targeted support (e.g. transfer of green technologies), including at the regional level. Jamaica is a member of regional initiatives such as the Caribbean Community (CARICOM)'s Regional Framework for Achieving Development Resilient to Climate Change 2009-2015, implemented by the Caribbean Community Climate Change Centre (5Cs). In 2012, the regional project entitled 'Advancing Caribbean States' Sustainable Development Agenda through Green Economy', supported by the European Commission, selected Jamaica as one of its three pilot countries. Project implementation was co-ordinated by United Nations Environment Programme (UNEP) over an 18-month period.

3) Findings and Policy Implications

- *Institutionalised social dialogue for co-definition of problems; public-private collaboration for co-designing solutions; and PM&E* seem positively associated with sustainable development outcomes in Jamaica, while the need for further strengthening the *co-operation between political and administrative leadership enabler* was pointed out. *Green growth*, the private sector enabler of change, is perceived as an emerging strategy central to driving the implementation of the sustainable development agenda for SIDS such as Jamaica.
- With the government of Jamaica has committed to institutionalising its *social dialogue processes*, development providers incorporating the principle of social dialogue processes for co-defining of problems are also seen to have made positive contributions to the creation of a national enabling environment for broad-based country ownership and inclusive development policies and processes. Development



partners should aim to mainstream the inclusive co-defining and co-designing processes in their policies and programmes, while more evidence from long-horizon studies should be collected to prove the enabling effect of institutionalised social dialogue on development outcomes.

- While *PM&E* has a strong presence in Jamaica, with consultations confirming its favourable contributions, its specific enabling effect on development outcomes needs further empirical evidence. Development partners should provide further support to facilitate *PM&E* processes (e.g. EPOC) and actively engage in activities including joint assessment, knowledge sharing and policy debates to support the country in institutionalising mutual accountability frameworks and enhancing transparency efforts.
- There exists a designated intermediary institution to facilitate *co-operation between the political leadership*

and bureaucracy in Jamaica, which leads the process of policy formulation on socio-economic issues and collaborates with development partners in the identification and implementation of development projects. Despite some positive feedback on this enabler, the insufficient evidence of its contribution to overall development outcomes and the role of development co-operation in strengthening these co-operation efforts presents a further research agenda.

- Green growth is seen as an optimal development strategy for SIDS, like Jamaica, which benefit from the tourism industry. Development partners should play a key role in incentivising the country to continuously pursue and improve its green growth model and sustainable development strategies, including through the provision of policy advice, knowledge partnerships, financial assistance and targeted support (e.g. transfer of green technologies), including at the regional level.

⁶⁵ M. The Planning Institute of Jamaica (PIOJ) was established in 1984, building upon its predecessor, the National Planning Agency and Central Planning Unit. The PIOJ plays a key role in attracting and co-ordinating donor resources. It advises on priority areas for donor support and also spearheads the Vision 2030 Jamaica – National Development Plan. More information is available at: <http://www.pioj.gov.jm/Home/tabid/37/Default.aspx/>.

⁶⁶ M. Witter. 2013. "Green Economy Initiatives in the Caribbean," Presentation to Expert Workshop on Green Growth and Development Planning and Policy.





Kazakhstan

1) Country Context

Since its independence in 1991, Kazakhstan has undergone an arduous transition, from a centrally-controlled economy into a market economy with a systemic economic stabilisation programme. Known as one of the resource-rich developing countries (RRDCs), it possesses enormous fossil fuel reserves and is the largest producer of oil in the Caspian region. Kazakhstan is also the largest landlocked developing country (LLDC) in the world and relies on a large agricultural sector.

Kazakhstan made impressive strides during its first post-independence decade, receiving an investment-grade credit rating in 2002. With over 9 per cent steady annual growth, the country's GNI per capita sharply increased from USD 1,430 in 1993 to USD 3,860 in 2006⁶⁷, when it became an upper-middle-income country (UMIC). Its remarkable growth was mainly driven by extractive industries: production of oil tripled and gas more than doubled⁶⁸ in the 1991-2013 period. Extractive revenue helped enhance social development and political stability, which attracted increasing FDI flows.

While the 2008 global economic and financial crisis took a heavy toll on its economy, Kazakhstan has rebounded well with its GDP increasing by 7.5 per cent in 2011 and 5.0 per cent in 2012.⁶⁹ However, the fact that the country's economy is largely dependent on natural resources poses a threat to its sustainable growth and development as national oil reserves are only estimated

to last for 63 years.⁷⁰ In addition, the current slump in oil and gas prices might go beyond the range of the National Oil Fund (set up in 2000 to mitigate short-term fluctuation of revenues)'s countering capacity.

Current fluctuations across extractive industry sectors suggest possible impacts on social instability and FDI inflows. Moreover, the fossil fuel industry does not provide sufficient jobs to meet the increasing surplus of labour, including the 70,000 to 90,000 young people that become job-ready each year.⁷¹ While SME development, with its potential to diversify and stabilise the economy, remains the government's priority area, it is not experiencing steady growth, partially attributed to a weak entrepreneurial culture and lack of pragmatic incentives.

Kazakhstan is also prone to natural disasters, such as earthquakes and debris flows, and remains vulnerable to the negative impacts of climate change including desertification, energy and water shortages, etc. While environmental concerns were neglected under the former communist rule, with a considerable number of the Kazakh population currently relying on natural resources, the country is now under greater pressure to address these urgent challenges.⁷²

The country's primary portfolio of development partners seems dedicated to supporting the 'Strategy Kazakhstan-2050', the ambitious national development strategy established in 2012 which focuses on seven long-term priority areas: 1) the further

⁶⁷ Its GNI per capita (current USD) peaked at USD 11,550 in 2013, World Bank.

⁶⁸ BP, "BP Statistical Review of World Energy," June 2014; available at: <http://www.bp.com/statisticalreview/> (access 30.10.2014).

⁶⁹ Permanent Mission of the Republic of Kazakhstan, "Kazakhstan Economy Overview," UN-OHLLRS, 2013 Available at: <http://unohllrs.org/meetings-conferences-and-special-events/kazakhstan/>

⁷⁰ Ibid.

⁷¹ According to the Oil and Gas Information and Analysis Centre, the total number of people involved in the oil and gas industry in Kazakhstan is 71,336, including 2,431 expats; available at: http://www.kmgcp.kz/eng/about_kazakhstan/oil_and_gas_sector/ (access 22.01.2015.)

⁷² See more at: <http://strategy2050.kz/en/>.

strengthening of statehood; 2) a transition to new economic policy principles; 3) comprehensive support for entrepreneurship as the engine of the national economy; 4) formulation of a new social model; 5) development of modern and effective systems for education and healthcare; 6) enhanced functionality and accountability of the state apparatus; and 7) adequate international and military policies which are responsive to new challenges.

Despite the existence of an elaborate national strategy, not all developmental issues are yet adequately addressed in Kazakhstan. For instance, taking into account the country's expected growth rate for the housing industry and considering its vulnerability to natural disasters, sustainable urbanisation should become a priority area for public investment. Kazakhstan is at a critical juncture, where it needs to strike a balance between the pursuit of continued GDP growth in the context of an unstable oil market and a longer-term sustainable development agenda.

ODA volume has decreased since the country obtained UMIC status in 2006, but systematic withdrawal of assistance has been rather gradual.⁷³ The significance of development co-operation for Kazakhstan does not lie primarily in the amount of financial support it receives, but rather in the quality of aid and the associated qualitative changes this may bring to the nation. Given the country's decreasing need for external financing, both multi-lateral and bi-lateral development partners are building their partnerships with Kazakhstan on the premise of cutting-edge knowledge transfer and support for capacity building / implementation, addressed mostly in the form of technical assistance, to bring about benefits that go well beyond funding.

In the twenty-three years of its statehood, Kazakhstan has moved from the status of an ODA beneficiary to that of an emerging donor, working towards the establishment of its national development co-operation agency – KazAID.⁷⁴ Although Kazakhstan still receives inconsiderable net ODA funding, concurrently it has been building its position as a regional development partner, in particular with Uzbekistan, Kyrgyzstan,

Tajikistan, Afghanistan and Pakistan. Development partners still present in the country strongly support these efforts, seeing numerous opportunities for their further co-operation in Central Asia in a triangular partnership with Kazakhstan.

2) Enablers and Development Co-operation

Based on the availability of data, several enablers were validated in the Kazakhstani context through interviews with 26 national stakeholders. The following observations were made on the status of the enablers or their impacts on development effectiveness, in relation to the role of development co-operation:

Validated cross-cutting enablers:
institutionalised social dialogue for co-defining problems; public-private collaboration mechanisms for co-designing solutions; PM&E; and existence of networked social capital

- Despite many barriers, Kazakhstan is in the process of developing a system for *social dialogue*, including consultative processes with CSOs and the private sector, which is welcomed and supported by numerous institutions including development partners. All Kazakhstani public officials interviewed acknowledged the gradual change taking place in the consultative culture of line ministries in Kazakhstan, which are becoming more inclusive of CSOs: “When writing a technical specification, the Ministry takes into account suggestions and opinions of NGOs. So, there is a social dialogue.”⁷⁵ One interviewee confirmed this observation: “As part of the new social order, some work was transferred from the Ministry to the NGO sector.”⁷⁶

While institutionalised social dialogue for co-defining problems is still a distant concept in the country, the potential development benefits to Kazakhstan would be transformational. To this end, a new EU programme called *Non-State Actors and Local Authorities (NSA-LA)*⁷⁷ was established in 2011

to facilitate co-operation efforts between non-state actors and local authorities in Kazakhstan. NSA-LA mainly supports capacity-building projects including a 'Rural Civil Society Support Project (2012-2015)'⁷⁸, which is seen to have contributed to strengthening the capacity of rural CSOs to build a more democratic society; and the 'Human Rights: Communication, Information, Management' Project (2012-2014)⁷⁹, which helped to strengthen the role of CSOs in promoting the rights of access to information. Consultations recognised the contribution of these interventions towards building a more inclusive and equitable society. Development partners should continuously aim to provide capacity-support and remove barriers (including financial, institutional and attitudinal) that deter more inclusive and equitable social dialogue processes.

- *Public-private collaboration mechanisms for co-designing solutions* can be found in PPP projects in Kazakhstan. The Government of Kazakhstan recognises PPP as a priority area to augment private capital inflows and the modernise its public sector. Current public policies on PPP are carried out in line with the 'Programme for the Development of Public-Private Partnership in the Republic of Kazakhstan for 2011-2015'.⁸⁰ The Kazakhstan Public-Private Partnership Centre (KPPPC) was also established with the objectives of: improvement in PPP-related legislation; development of evaluation criteria for PPP

projects; and professional development and training in the field of PPP.⁸¹ As of December 2014, the Centre supports 22 PPP projects in the country.

Kazakhstan's PPP policy has been overwhelmingly supported by its development partners. The Asian Development Bank (ADB) assists the Centre through its technical assistance project (2010-2012) to prepare road maps for urban services, energy and transport sectors in Central and West Asia. The OECD's 'Eurasia Competitiveness Programme' has also provided tailored recommendations for skills development strategies through PPPs in the Kazakhstani context.⁸² This endeavour facilitated the creation of a business linkage programme for the ICT sector and contributed to the country's efforts toward achieving value-added specialisation and technological advancement. Foreign investors interested in new markets also accelerate the development of PPPs in Kazakhstan, evidenced, for example, by recent PPP contracts granted to Turkish companies.⁸³

While the government places high emphasis on investing in PPPs, consultations note that the participation of SMEs in PPPs does not yet seem fully active in Kazakhstan. In addition, although PPPs can attract the import of technologies and grant greater access to foreign capital markets as well as opportunities to create joint venture companies, careful planning for and implementation of workable

⁷³ In the period 2007-2011, yearly net ODA was above USD 200 million. The first years of a deep drop in the net ODA were 2012 and 2013, to USD 129.64 and USD 91.3 million respectively.

⁷⁴ Draft ODA Law was approved in the Mazhilis in October 2014 and sent to the Senate.

⁷⁵ Interviews with international development co-operation stakeholders in Kazakhstan were held between 6th and 17th of October 2014.

⁷⁶ Interviews with international development co-operation stakeholders in Kazakhstan were held between 6th and 17th of October 2014.

⁷⁷ Boonstra, Jos and Tika Tsertsvadez. 2013. Mapping EU development aid to Central Asia. EUCAM, FRIDE, Open Society Foundations, July 2013, 6. Available at: http://fride.org/download/EUCA_FS1.pdf

⁷⁸ For more information, see: http://eeas.europa.eu/delegations/kazakhstan/projects/list_of_projects/292471_en.htm

⁷⁹ For more information, see: http://eeas.europa.eu/delegations/kazakhstan/projects/list_of_projects/292274_en.htm

⁸⁰ The areas of potential co-operation between government and the private sector were identified as: motor transport, water supply and sanitation, housing construction, municipal services, waste management, gas supply, heat supply, education, science, health care and the penal system.

⁸¹ For more information, see: <http://kzppp.kz/en/page/view?id=10/> (access 22.11.2014).

⁸² OECD. 2013. Private Sector Development Policy Handbook. Enhancing Skills through Public Private Partnerships in Kazakhstan's Information Technology Sector, Eurasia Copetiveness Programme. Paris, France: OECD, 3.

⁸³ A Turkish firm 'ATM Grup Uluslararası Havalimanı Yapım Yatırım ve İşletme Ltd Sti' won the contract for construction and operation of a passenger terminal at the international airport in Aktau. Another Turkish company The '7 Piramit Company' won the PPP contract for construction and operation of eleven kindergartens in the city of Karaganda in Northern Kazakhstan. See more: N. Mouraviev. 2012. "What Drives the Employment of Public-Private Partnerships in Kazakhstan and Russia: Value for Money?" in Sigita Urbanavicius (eds) Organisations and Markets in Emerging Economies, Vol. 3, No. 1(5), p. 47.

Box 4: Promoting Oil Revenue Transparency through Civil Society Engagement

Kazakhstan Revenue Watch (KRW) undertook a transparency project through engagement with CSOs in PM&E and achieved impressive outcomes. KRW's advocacy efforts persuaded the government of Kazakhstan to make the flow of oil revenues publicly available, championing civil society groups to implement monitoring efforts in-country. KRW provided the following assistance to country stakeholders to enhance their effective participation:

- Trainings on oil revenue and budget monitoring;
- Grants to organisations at the local level to support monitoring efforts; and
- Roundtables, seminars and workshops for journalists to ensure greater public access to information.

The project achieved co-operation with government on the implementation of the Extractive Industries Transparency Initiative (EITI), which resulted in government admission to the initiative in 2006 and the publication of its first EITI report in January 2008. KRW's support to PM&E has catalysed broader multi-stakeholder engagement in efforts towards more transparent and inclusive development.

structures is needed in order to strengthen their impacts on equitable and inclusive growth. In this regard, development co-operation has an important role to play in strengthening government capacities; financing expensive project preparation costs; and ensuring the incorporation of adequate accountability measures in PPP projects.

- The Kazakhstani government's approach towards *participatory monitoring & evaluation (PM&E)* is based on its governance policy. Due to highly centralised government processes, M&E is conducted mainly at the administrative level in Kazakhstan. Development partners have provided support in establishing national PM&E systems in areas of special interest to Kazakhstan; for instance, a Kazakhstani monitoring system for FDI was established through Kaznex Invest⁸⁴ with the support of the OECD Central Asia.⁸⁵

In parallel, the complementary efforts of CSOs for PM&E have been also supported by development partners. Kazakhstan Revenue Watch (KRW), with the support of the Open Society Institute / Soros Foundation, undertook a transparency project, with the engagement of CSOs in PM&E, and achieved impressive outcomes including the implementation of the Extractive Industries Transparency Initiative (EITI) in collaboration

with the government. The KRW project is promoted by the World Bank's Social Accountability Initiative (see Box 4). Consultations acknowledged that the strategic funding support from philanthropic sources, which catalysed broader multi-stakeholder engagement in PM&E processes, resulted in achieving greater revenue transparency in Kazakhstan. Development co-operation should continue to support these innovative initiatives and complement and synergise co-operation efforts towards more inclusive PM&E processes. Stakeholders also noted the importance of ensuring equitable access to information through country-relevant strategies and instruments.

In an effort to transform its social structures⁸⁶, the government of Kazakhstan began investing in building ICTs through its 'Strategy 2030', with the objective of *building sufficient levels of networked social capital*. This agenda is supported by development partners and recognised by stakeholders for its positive development impacts. For example, USAID funded the '*Development of Regional Co-operation (DRC)*' programme (see Box 5) and provided support for CSOs in networking, information sharing, knowledge transfers and coalition development, which were seen to have strengthened their capacities and contributed to the overall democratisation



Box 5: Development through Regional Co-operation (DRC)

The ARGO Civil Society Development Association, a non-profit organisation in Kazakhstan, won a USAID Central Asia grant to implement the Development through Regional Co-operation (DRC) programme, intended to further assist the democratisation process in Kazakhstan and the Central Asia region. DRC provided support to CSOs in institutional capacity strengthening, networking and knowledge sharing / transfers, and coalition development among CSOs. Specific areas of support included:

- Organising regional training seminars and internships to enhance the capacity of key project partners and community organisations in Central Asia;
- Carrying out studies to identify thematic areas for co-operation and networking;
- Launching the 'Interactive Community' website (<http://cso-central.asia>) for civil society organisations in the region;
- Creating a database of existing and new social organisations as well as databases of leaders, trainers, researchers and donors; and
- Assessing the needs of CSOs through consultations and initiating working groups on disability, gender and youth.

With a strengthened community of practice among CSOs, Kazakhstan is able to foster its own co-operation programmes, benefitting from increasingly tailored regional assistance strategies.

The project achieved co-operation with government on the implementation of the Extractive Industries Transparency Initiative (EITI), which resulted in government admission to the initiative in 2006 and the publication of its first EITI report in January 2008. KRW's support to PM&E has catalysed broader multi-stakeholder engagement in efforts towards more transparent and inclusive development.

processes of Kazakhstan and Central Asia.

In addition, while progress has been made in the development of regulatory and legal frameworks and physical ICTs infrastructures, the formation of a networked information community still lags behind, with numerous challenges including limited access to ICT infrastructure, low computer literacy, high cost for internet usage and low overall trust levels. There is a need for development co-operation to

play a strategic role to scale up, or in some cases, consolidate (e.g. multi-lateral funds) existing funding and efforts in this regard.

Validated public sector enablers: *no specific enablers were validated, but the consultation noted the following concerning capacity development for the public sector*

⁸⁴ KAZNEX INVEST is a national export and investment agency operating under the Ministry of Investments and Development of the Republic of Kazakhstan. It acts as the national development institute and assists Kazakhstani enterprises to develop and promote local export and attracts foreign direct investment into priority sectors of the economy. For more information, see: <http://kaznexinvest.kz/>.

⁸⁵ OECD Local Economic and Employment Development Programme 2014. Monitoring and Evaluation of Foreign Direct Investments in Kazakhstan. Paris, France: OECD, 5-6.

⁸⁶ The traditional Kazakhstani social system is built on personal networks and extended families called clans, which has created unique social norms. In the World Values Survey Wave 6: 2010-2014, which shows the general attitude of Kazakhistanis towards their fellow citizens and the authorities, more than 60 per cent of the population stated that the government should take more responsibility to ensure that everyone is provided for, while only 7 per cent indicated that people should take more responsibility to provide for themselves. At the same time, almost 75 per cent of the respondents expressed 'quite a lot' or a 'great deal' of confidence in their government. On the other hand, Kazakhistanis show less trust in personal relationships, with only 38 per cent of the respondents answering that most people can be trusted', while 62 per cent replied that they 'need to be careful'.

- Consultations highlighted the need to *remove the obstacles undermining public servants' performance* to strengthen public sector capacities. Stakeholders pointed out the lack of continuity in the public administration work force and high level of job insecurity as some of the obstacles negatively affecting public servants' performance in Kazakhstan.
- *The capacity to innovate* enabler was noted as weak, although the government of Kazakhstan recognised innovation as an enabler of growth, putting emphasis on building related capacities. For the last two decades, a number of relevant programmes, strategies and laws have been developed, which led to the formation of the National Innovation System (NIS).⁸⁷ Stakeholders acknowledged the capacity gaps facing both the NIS and the broader innovation infrastructure in Kazakhstan, underlining the pressing need for the support of development partners in this area.

Validated private-sector enablers: *broad participation in skills development (weak evidence as of now)*

- While acknowledging the positive contributions made by efforts towards *broad participation in skills development*, consultations noted the need to further strengthen this enabler. According to Ernst & Young's Investor Opinion Survey⁸⁸, workers in Kazakhstan receive basic technical education, but 44 per cent of investors in-country consider the level of local labour / skills as 'not attractive'.⁸⁹

The government of Kazakhstan aims to address the problem of a shortage of skilled labour, both in quantity and quality, mostly through education programmes such as Bolashak, a state-funded scholarship programme. In order for Kazakhstan to move from a resource-intensive to sustainable growth model, based on strengthened human capital and technological solutions, development co-operation should make further strategic interventions to catalyse the broad participation of Kazakhstanis in skills development. For instance, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), provides technical support to the government's participatory project to enhance vocational training programmes (see Box 6).

Box 6: Support for Vocational Education and Training in the Republic of Kazakhstan

In order to accelerate skills development in Kazakhstan, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) provided technical support to the Ministry of Education and Science's participatory project to enhance vocational education and training (VET). The project took a systematic multi-level approach, fostering participatory processes to ensure the sustainability of the project through involvement of all relevant national and international stakeholders in both formal and informal forums. From 2010 to 2013, the project supported the National VET Council in:

- Selecting regional councils to implement the state programmes;
- Supporting the development of sector-based qualification frameworks for oil / gas, mechanical engineering and agriculture industries;
- Implementing an independent certification system; and
- Improving the overall quality of VET school management through the establishment of curricula and internships for VET managers and teachers.

Strengthening the formulation of education policies based on this model was incorporated into Kazakhstan's VET legislation in mid-2011. Implementing these project components improved the employability of graduates and contributed to the country's efforts to ensure broader participation in skills development.

3) Findings and Policy Messages

- While consultations validated most cross-cutting enablers in Kazakhstan as having played a constructive role in promoting more inclusive and equitable sustainable development, they are yet to be fully institutionalised. Most stakeholders pointed out the importance of removing attitudinal and social barriers in establishing the co-development processes. The study encountered a lack of sufficient data to validate public-sector enablers and to examine the roles of development co-operation in enhancing these enablers, suggesting the need for further empirical study. *Broad participation in skills development*, the private-sector enabler, is seen to have played a critical role in driving the country towards sustainable growth and development grounded in human capital, yet more long-term research is also required to support this evidence.
- The role of development co-operation in strengthening *cross-cutting enablers* in the Kazakhstani context needs to be carefully examined through further long-horizon empirical research. Development partners could commission these studies to national think-tanks or academia. Such studies could aim to identify the attitudinal barriers towards participatory co-development processes and inclusive development and also explore examples of development co-operation efforts that are culturally competent and relevant to the Kazakhstani context.
- *Public-private collaboration mechanisms for co-designing solutions* are seen through PPP projects in Kazakhstan and PPP is regarded as a priority area to augment private capital inflows and support modernisation of the public sector. While there exists some anecdotal evidence of its positive contributions to development, there is little empirical basis on how PPPs have actually impacted development and the participation of SMEs in PPPs also seems limited. To this end, development co-operation should play an important role in strengthening government capacities for designing and planning PPP projects, including in the inclusion of SMEs; supporting extensive project preparation; and promoting the incorporation of adequate accountability measures.
- While there is little concrete evidence, stakeholders view *PM&E* processes as having positively contributed to development in Kazakhstan, particularly in: improving domestic accountability and transparency; preventing mismanagement of off-budget flows; sustaining sound public financial management; enhancing the institutional and analytical capacities of CSOs; and promoting a higher level of trust among development actors. For instance, the aforementioned example of philanthropic funding of CSOs to co-monitor and co-evaluate major national policies positively contributed to the successful implementation of the Extractive Industries Transparency Initiative (EITI). Consultations noted the need for ensuring equitable access to information for broader engagement of stakeholders in PM&E processes.
- Development of a *sufficient pool of skilled labour* was validated as a critical private-sector enabler for Kazakhstan, in order for the country to move away from a resource-intensive model and toward sustainable growth based on strengthened human capabilities and technological solutions. Interventions by development partners, including through technical co-operation, are seen to have incentivised the broader participation of Kazakhstanis in skills development efforts and strengthened the institutional and technical capacities of development actors to manage these activities. In this regard, development co-operation should play a catalytic role in facilitating the transfer of knowledge and technologies, including through SSC and TrC.

⁸⁷ Y. Smirnova, The Innovation Infrastructure of Kazakhstan: Why did the Innovation “Boom” not Happen? [in:] Ch. Jin, L. Al-Hakim (ed.), Quality Innovation, IGI Global, 2013, p. 323.

⁸⁸ Kazakhstan investment attractiveness, Ernst & Young’s investor opinion survey, 2010, p. 8, 20.

⁸⁹ Ibid.





Vietnam

1) Country Context

Vietnam has achieved impressive socio-economic developments since a series of reforms undertaken in the 1980s known as ‘Doi Moi’. After recovering from a long war and adapting to its newfound lack of funding from the former Soviet Union, Vietnam has transformed away from its former rigid and centrally-controlled economy through effective economic integration and market liberalisation. The country experienced average growth rates of above 7 per cent for the last two decades, achieving drastic reduction of poverty from 58 per cent in 1993 to 12 per cent in 2009.

After making a smooth transition into LMIC status, the Vietnamese economy has stagnated since 2007, facing new challenges unfortunately common to MICs. Negative impacts from the 2008 global economic and financial crisis slowed the country’s GDP growth to 5-6 per cent yearly and its growth rates have yet to rebound to pre-crisis levels. In addition, the share of GDP growth resulting from productivity increases shrank from 56 per cent in the 1991-1995 period to just 9 per cent in 2006-2008.⁹⁰

A growing wealth of research shares the view that Vietnam has reached the limit of what can be achieved through the growth model of the 1990s and 2000s.⁹¹ While growth in the past was mostly driven by an expanding labour force and moving emphasis from agricultural to manufacturing sectors, the current growth slowdowns experienced by Vietnam are

essentially viewed as productivity growth slowdowns. During 2011-2012, the number of failed enterprises in-country equalled that of businesses that had closed in the previous 20 years.⁹² As the country’s economic growth become less pro-poor in nature, incidences of poverty have also increased. Inequality and disparities between regions and population groups are also on the rise. To this end, according to the Population Division of the United Nations Department of Economic and Social Affairs (UNDESA)⁹³, Vietnam was in eighth place globally for number of emigrants from 2000-2010.

However, the country has demonstrated strong ownership and strategic use of ODA, FDI and domestic resources, defining and driving its own poverty reduction agenda, which has resulted in sound alignment of aid with national priorities. By the mid-2000s, Vietnam saw record inflows of external resources in forms of FDI and ODA, with its funding investment rates reaching above 40 per cent of GDP – among the highest in the world.⁹⁴ This has enabled Vietnam to extend basic infrastructure and essential services to the majority of its population, achieving major gains in human development.⁹⁵

Alongside the systematic investment in infrastructure, Vietnam’s collaboration with long-term development partners⁹⁶ has contributed to the creation of an enabling environment to solidify national capacity for long-term strategic planning and programme delivery. However, as a ‘donor darling’, with aid mounting to over USD 4 billion in 2012⁹⁷, Vietnam faces the challenge of aid

⁹⁰ Vietnam Development Report 2012: Market Economy for a Middle-Income Vietnam, Joint Donor Report to the Vietnam Consultative Group Meeting, World Bank et al., December 2011, p. 26.

⁹¹ Development Finance For Sustainable Development Goals in Middle-income Viet Nam, EU-Viet Nam Strategic Dialogue Facility, December 2014, Hanoi. p. 4.

⁹² Ibid, p. 9.

⁹³ UNDESA, International Migration Report, ST/ESA/SER.A/346, December 2013, New York. p. 13.

⁹⁴ D., London, The contributions and limits of ‘socialization’: the political economy of essential services in Viet Nam, UNDP, May 2013, p. 10.

⁹⁵ Development Finance for Sustainable Development Goals in Middle-income Vietnam, EU-Viet Nam Strategic Dialogue Facility (Hanoi, December 2014). p. 3.

⁹⁶ Includes Asian Development Bank, Japan and World Bank.

⁹⁷ Geographical Distribution of Financial Flows to Developing Countries: Disbursements, Commitments, Country Indicators 2008-2012, OECD DAC, Paris, 2014, p. 244.

fragmentation as it aims to benefit from a wide array of complementary expertise from various development partners.

Vietnam is at a critical juncture to set its economy on a path to higher productivity and sustainable development and avoid the classic ‘middle-income’ trap scenario. To this end, a Development Finance Aid Assessment (DFAA) conducted in 2014⁹⁸ suggested that the country focus on five priority areas: (1) improving the quality of public spending; (2) maintaining equitable social service delivery; (3) attracting private investment in infrastructure; (4) securing more development returns from FDI; and (5) expanding finance for the domestic private sector – all based on whole-of-sector financing strategies, a refined division of labour and innovative partnerships.

2) Enablers and Development Co-operation

Based on the availability of data, several enablers were validated in the Vietnamese context through interviews with 29 national stakeholders. The following observations were made on the status of the enablers or their impacts on development effectiveness, in relation to the role of development co-operation:

Validated cross-cutting enablers:

institutionalised social dialogue for co-defining of problems; PM&E; and public-private collaboration mechanisms for co-designing solutions (this enabler is connected with the private-sector enabler: mechanisms to attract private investment in sustainable development)

- Vietnam is characterised by a high level of organized social network both formally and informally, with relatively high levels of trust amongst its citizens⁹⁹, which provides a good policy environment for *institutionalised social dialogue*. Currently, People’s Councils (PCs) are the most common form of organised social dialogue managed by the Government. While positive contributions from

institutionalised social dialogue processes on the country’s inclusive development agenda are seen as evident, interviewees noted the need for measures to bring voices and influences from the community level into the centralised governance system.

To this end, Vietnam’s political system does allow for social participation from mass (usually national) organisations. For instance, the Vietnam General Confederation of Labour (VGCL) acts as an umbrella for all trade unions in-country and requires mandatory affiliation upon registration. While the VGCL has over 6 million members in 93,000 local unions, the representation of workers remains weak. Consequently, development partners currently provide capacity-building support towards systemic social dialogue movements. Funded by the Norwegian Agency for Development Co-operation (Norad), the Norwegian Confederation of Labour (LO-Norway) implemented a programme of co-operation with trade unions in Vietnam during 2010-2012.¹⁰⁰ The main achievement of the project, the Evaluation Report notes, was the active participation of the VGCL in national social dialogue and negotiation processes on issues important to workers.¹⁰¹ Initiatives aiming to strengthen collective actions and co-decisions are also supported by development partners. For instance, the EU is funding a project that promotes sound governance and participation of citizens in the cities of Vietnam through the *Association of Cities of Vietnam (ACVN)* (see Box 7).

- Vietnam, through its ‘*Master Programme for Public Administration Reform (PAR)*’ recognises the importance of utilising *PM&E* as a strategic policy tool. The ‘Vietnam Provincial Governance and Public Administration Performance Index (PAPI)’¹⁰² is a pioneering initiative that monitors and evaluates the performance of governance and public administration (including public service delivery) of all provinces in Vietnam based on citizens’ experiences and perceptions.¹⁰³ The results of the surveys are shared online, ensuring equal access by all citizens and other development partners. PAPI is seen as one of the most successful *PM&E* initiatives, contributing to: access

Box 7: Promoting people's participation and governance in Vietnamese cities through the Association of Cities in Vietnam (ACVN)

To enhance the participation of citizens in the governance process, Konrad-Adenauer-Stiftung (KAS), with financial support from the EU, strengthened the capacity of the Association of Cities of Vietnam (ACVN) to ensure more transparent and effective communication between citizens and city administrators. Through numerous activities, including knowledge and skills transfer, thematic workshops and working groups as well as targeted consultancy programs and training sessions, the project sought the engagement of citizens in the planning processes for land usage and development strategy.

The general results of this capacity development were positive, with 30 members of ACVN now in charge of development planning, land-use planning and grassroots democratisation processes. The co-operative decision-making processes between ACVN and national institutions are likely to continuously yield significant improvements in the engagement structures of urban development processes.

to data by the public; analytical capacity-building for relevant stakeholders; and transparency and accountability in the public sector through bringing more citizens into PM&E processes. Development partners are supporting these efforts through the provision of funding (Swiss Agency for Development and Co-operation) and technical assistance (UNDP). Technological co-operation provided by UNDP (innovative PM&E methodologies) has also catalysed the broader engagement of various development partners and citizens in PM&E processes and contributed toward efforts to institutionalise mutual

accountability frameworks and enhance the quality of development co-operation.

- Public Private Partnership¹⁰⁴ (PPP) is seen as an innovative form of public-private collaboration, which typically leads to the joint designing of solutions in Vietnam.¹⁰⁵ PPP policy is governed by the Regulation on Public-Private Partnership Investment Piloting¹⁰⁶, which was established in 2010 to attract private and foreign investment. While PPPs are perceived as bringing development benefits to a country facing the immense challenges of economic restructuring;

⁹⁸ Commissioned by Vietnam's Ministry of Planning and Investment (MPI), with support from UNDP and the European Union.

⁹⁹ The World Values Survey contains standard survey questions capturing trust in others. More than half (51 per cent) of the Vietnamese respondents think that 'most people can be trusted'; while less than 47 per cent say that 'one needs to be careful in dealing with other people'. These show high level of trust among Vietnamese compared to other MICs – i.e. in Ghana 8.5 per cent of respondents agreed that 'most people can be trusted' and more than 90 per cent answered that 'one needs to be careful'; in Thailand respectively 41 per cent of the respondents was positive about others and 58 per cent more cautious (data for the period 2005-2009). Source: World Values Survey, available at: <http://www.worldvaluessurvey.org/WVSONline.jsp> (access 10.12.2014).

¹⁰⁰ Since 1988, the Norwegian Confederation of Trade Unions (LO-Norway) has been co-operating with the Vietnam General Confederation of Labour (VGCL) to strengthen the trade union movement in Vietnam. The partnership has focused on building the capacity of VGCL and its affiliates in organising and recruiting members, especially in non-state sectors, through investment in social dialogue, training and education, collective bargaining, research and publication.

¹⁰¹ The VGCL-LO-Norway Cooperation Program, 2010-2012: An Evaluation Report; available at: <http://www.norad.no/en/tools-and-publications/publications/reviews-from-organisations/publication?key=419445> (accessed 12.12.2014).

¹⁰² The Viet Nam Provincial Governance and Public Administration Performance Index (PAPI) 2012: Measuring citizens' experiences, CECODES-VFF-CRT-UNDP, 2013, p. 1.

¹⁰³ Ibid.

¹⁰⁴ PPP is defined by Vietnamese law as "the form of investment in which the state and the investors co-ordinate to implement infrastructure development for a public service supply project on the basis of the project contract", where the 'contract' means "the contract signed by an authorized state agency and investor(s), in which the private sector is granted with the concessional right to invest, exploit the infrastructure work, or provide public services in a certain time period. See: Regulation on Public-Private Partnership Investment Piloting, 2010/1, p. 2.

¹⁰⁵ M. Gainsborough, Viet Nam: rethinking the State, Zed Books, London 2010.

¹⁰⁶ Regulation on Public-Private Partnership Investment Piloting, 2010/1, p. 2.

leveraging investment for non-extractive sectors; and sustainable infrastructure development, more empirical evidence is needed. Despite the existence of a legal framework for PPP, consultations noted that there was not enough government capacity to implement PPPs in practice. The World Bank is currently working with the Vietnamese Ministry of Planning and Investment to support institutional arrangements, including regulatory frameworks, to address the government capacity gaps in operationalising PPP policy. Stakeholders also pointed out a lack of capacity on the part of local business to deliver on PPP projects due to financial and operational constraints.

Validated public-sector disablers: *capacity for integral planning and management of complexity*

- Stakeholders argued that the current Vietnamese planning and budgeting systems fall far short of the

common standards required for MICs facing similar development challenges. A recent study¹⁰⁷ notes that the quality of public expenditure in Vietnam needs to be enhanced and development partners should strengthen government capacity to better target investments. Vietnamese public officials also noted insufficient government capacity for implementation. The volume, scale and complexity of public service are increasing rapidly, however it seems that capacity-building efforts are unable to keep pace.¹⁰⁸

- As a 'donor-darling', a number of interviewees noted the challenge of dealing with varied programme approaches and procedures presented in Vietnam. This calls for development partners to further harmonise their co-operation efforts, align with country priorities and use country systems to simplify the procedures inherent to delivering development co-operation. To this end, the aid effectiveness agenda and development effectiveness principles remain extremely relevant in Vietnam.

Box 8: JICA Support for Supporting Programme to Respond to Climate Change (SP-RCC)

Japan International Co-operation Agency (JICA) implemented the 'Supporting Programme to Respond to Climate Change (SP-RCC)' in Vietnam with five other development donors, including AFD and the World Bank, from 2009 to 2015 with total contributions of USD 896 million.

This project aimed to: 1) mitigate the negative impacts of climate change by curbing greenhouse gas absorption and emissions; 2) strengthen capacity to adapt to the adverse impacts of climate change; and 3) address cross-sectoral challenges relating to climate change in line with two overarching national climate change strategies, namely, the National Climate Change Strategy (2011) and the National Green Growth Strategy (2012). The project supported the formulation of policies, development of science and technologies and management of various financial flows from government, development partners, NGOs and private sectors to effectively respond to challenges related to climate change in Vietnam.

SP-RCC resulted in the creation of 265 policy actions by 10 line ministries in Vietnam, with Deputy Prime Minister Hoang Trung Hai stating that this project had enabled Vietnam to strengthen the capacity of public management in its responsiveness to the negative impacts of climate change. He also highlighted the meaningful partnerships cultivated between the government of Vietnam and development partners, whose comprehensive and harmonised co-financing approach also contributed to strengthening national ownership and alignment of efforts to national priorities.

- Recognising the pressing need to address the aforementioned challenges related to public-sector capacity, some development partners are supporting the government of Vietnam in strengthening its capacity to develop and operationalise coherent and integrated strategies to address complex development challenges. For instance, the Japan International Co-operation Agency (JICA), through its *‘Support Programme to Respond to Climate Change* (see Box 8), provided both financial and technical assistance, which resulted in 265 policy actions by 10 line ministries: this has significantly enhanced the country’s public-sector capacity for *integral planning and management of complexity* (including the capacity to manage diverse resources); promoted greater alignment with country priorities and harmonisation of co-operation efforts; and helped to achieve impressive results in the efforts towards adaptation, mitigation and mainstreaming of the climate change-related development agenda. This is a prime example of how development co-operation can support the strengthening of a country’s capacity to reap multiplier development impacts that go well beyond national borders, contributing to regional and global public goods.

Validated private-sector enablers: *green growth; technologically-oriented development; and corporate social responsibility (CSR)*

- Vietnam’s socio-economic development has long been heavily dependent on natural resource depletion. The country now faces new sets of development challenges including the threats of climate change and demand for technological solutions and less resource-intensive growth.

Interviewees perceived the country’s efforts to transition toward *green growth* and *more technologically-oriented development* as creating an enabling environment for advancing the sustainable development agenda. For instance, the *Nhat Tan Bridge Construction Project* (see Box 9), financed by the government of Japan, has addressed the inherent traffic problems across the Red River through adopting cost-effective and environmentally-friendly construction technologies. The project has also contributed to enhancing human capital by providing relevant training to construction workers. The success of this project demonstrates how development co-operation can play a catalytic role in furthering technological advancement and progress towards green growth and sustainable development, including through long-term, quality investment in certain areas of national development that are often considered risky (e.g. sustainable infrastructure, new technologies, innovation, SMEs).

In Vietnam, UNIDO also launched three projects¹⁰⁹ aiming to provide pro-poor green business solutions. With technical assistance from UNIDO, these projects have spawned several follow-up projects since 2013-2014.¹¹⁰ In addition, the Vietnam National Cleaner Production Centre (VNCPC) project, funded by the Swiss Agency for Development and Co-operation, provides consultancy services to local companies on green technologies and trains clean production specialists. The ‘green’ production (CP) options proposed by VNCPC have brought measurable cost reductions to SMEs.¹¹¹ Development partners are also contributing to improving the competitiveness of the Vietnamese SME sector through CSR-related interventions¹¹² and the provision of policy / advisory services and engagement in policy dialogue.¹¹³

¹⁰⁷ Development Finance for Sustainable Development Goals in Middle-income Vietnam, EU-Viet Nam Strategic Dialogue Facility, Hanoi, December 2014, p. 41.

¹⁰⁸ Interviews with development co-operation stakeholders were undertaken in Vietnam between 24 October and 7 November, 2014.

¹⁰⁹ ‘Green Industry Development’; ‘Green Production and Trade’; and ‘CSR for improved trade linkages and sustainable production’.

¹¹⁰ Towards Green Growth Through Green Industry Development in Viet Nam, UNIDO 2012, p. 11

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ On formulation of ‘Action Plan on the Response to Climate Change by the MOIT’, for instance.

- Stakeholders raised the concern that Vietnamese companies do not seem to pay sufficient attention to the social aspects of their operations. While the concept of *corporate social responsibility (CSR)* is still new and not fully established in Vietnam, stakeholders indicated the positive contribution of a BMZ-funded initiative, ‘*Development of Partnerships with the Private Sector*’ (see Box 10), which successfully provided technical advisory services and partial funding to train Vietnamese companies on CSR. This kind of support can further promote the engagement of the private sector and contribute to advancing the human-centred sustainable development agenda.

In Vietnam, development co-operation with the private sector demands more robust accountability

standards that may go beyond CSR. *Economic, environmental, social and governance (EESG)* reporting can support investors and firms in identifying and mitigating various economic, environmental, social and governance risks in-country, while attracting more stable and longer-term investment when sustainability issues, such as climate-related disaster or social inequality, are already taken into account in financial measures. More research should be undertaken on the impact of mandatory EESG reporting on the achievement of the sustainable development agenda in Vietnam as well as the effect of Vietnamese regulatory frameworks on the behavioural changes of investors. To this end, development partners, in particular multi-lateral development partners, could provide knowledge

Box 9: Impacts of Quality Investment in Infrastructure: Nhat Tan Bridge (Vietnam-Japan Friendship Bridge) Construction Project

Vietnam has long relied greatly on its roads for domestic transport: 74.3 per cent of freight transport and 92.1 per cent of passenger transport were made on roads as of 2011. Recent years have seen rapid increases in traffic on different types of roads, including highways, which connect both large and provincial cities. Due to the high economic growth rate of Hanoi City (average growth of 9.2 per cent per year in 2008 – 2010), a significant increase is also expected in the number of users of Noi Bai International Airport, the gateway to northern Vietnam. Traffic volume on the North Thang Long - Noi Bai road (58,595 passengers per day), the existing route running from the centre of Hanoi City to Noi Bai International Airport, had already exceeded its capacity (42,000 passengers per day) as of 2011.

To this end, the construction of the Nhat Tan Bridge, an infrastructure project using the largest ODA loan in Vietnam (from Japan), was necessitated. The project aimed to mitigate traffic jams and facilitate traffic flows across the Red River more efficiently, thereby contributing to the promotion of economic development and strengthening the international competitiveness of Hanoi City and northern Vietnam. This project has become a symbol of Hanoi City’s development and also of friendship between Vietnam and Japan.

The project used Japanese construction technologies against soft-ground, which is known to be safe, cost-effective and environmentally friendly method. The success of this project led Vietnam to adopt this construction technology as a standard technology for Vietnamese bridge design.

At the beginning of the project, the level of knowledge and skills of Vietnamese constructors seemed inadequate to ensure sound quality control. A series of training sessions were conducted to enhance their capacity throughout the project. The quality investment of development partners in sustainable infrastructure, along with collaborative efforts of relevant stakeholders, has made a significant contribution to the country’s efforts to advance green growth and the sustainable development agenda.

Box 10: Development Partnerships with the Private Sector

To further the drive towards sustainable development, BMZ, in partnership with numerous Vietnamese companies, sponsored an eleven-year project to enhance the awareness and practice of corporate social responsibility (CSR) in the country. GIZ provided technical advisory services and partial funding to support selected entrepreneurs to participate in CSR training, which included designing of value chains and provision of educating standards.

As a result of this support, participating companies have reduced the negative environmental impacts of their production activities, while simultaneously improving working conditions. The project also raised awareness for the positive development impacts of knowledge transfer. Project-trained employees shared their knowledge on CSR and related good practices with entrepreneurs and chairpersons of co-operatives to promote CSR standards in multiple business sectors. Since 2003, the project has been implemented in over 90 Vietnamese companies.

forums to build evidence and partnerships among a wide range of stakeholders.

3) Findings and Policy Messages

- In Vietnam, the cross-cutting enablers (*institutionalising social dialogue for co-defining of problems; PM&E; and public-private collaboration mechanisms for co-designing solutions*) exhibited positive correlations with the country's inclusive development agenda. Consultations noted the need to enhance government capacity for *integral planning and management of complexity* in the context of a growing diversification of co-operation flows and actors (due to the lack of sufficient evidence, this enabler was not validated). Private sector enablers including *green growth, technologically-oriented development* and *corporate social responsibility (CSR)* are seen to make positive contributions to the country's sustainable development agenda, while a longer-term study is required to confirm this observation.
- *Social dialogue and participatory co-development processes* are perceived to have strengthened broad-based country ownership and inclusive development policies and processes in Vietnam. This has also strengthened the country's capability to define and drive its own development agenda, resulting in

better alignment of development co-operation with national priorities. Development partners are seen to have played a positive role in facilitating these co-development processes and encouraging the inclusion and participation of multiple stakeholder groups, including vulnerable groups, through the provision of funding and capacity-building support. The continued support of development co-operation is required in order to create a national enabling environment for social dialogue and participatory co-development processes.

A pioneering initiative that co-monitors and co-evaluates the performance of governance and public administration is perceived as having enhanced: access to data by the public; the analytical capacity of relevant stakeholders; and transparency and accountability in the public sector through bringing more citizens to PM&E processes. Technological co-operation provided by UNDP (innovative PM&E methodologies and tools) are seen to have catalysed the broader engagement of development partners and citizens in PM&E processes and supported the effort to institutionalise mutual accountability frameworks and enhance the quality of development co-operation.

- Public-Private Partnership (PPP) is seen as a *public-private collaboration mechanism* which

typically leads to joint designing of development solutions in Vietnam. Limited evidence is available to validate the positive development benefits of PPP projects to leverage the investment for non-extractive sectors and sustainable infrastructure development. Development co-operation is currently providing support to establishing institutional arrangements, including regulatory frameworks, to build government capacity to operationalise PPP policy. Development partners could further support PPP processes, including through: (1) promoting robust accountability standards and measures for PPP; (2) facilitating knowledge transfers including at inter-regional levels through SSC and TrC; and (3) building SME capacity to participate in PPPs. In addition, development co-operation could support the building of an evidence base on the potential benefits and inadvertent negative impacts of PPPs on development in different country contexts through commissioning empirical studies and hosting knowledge platforms.

- The question of whether *government capacity for integral planning / management of complexity* is positively associated with development effectiveness is increasingly convincing in the Vietnamese context: the catalytic role of development partners including JICA, as evidenced in the example of the Supporting Programme to Respond to Climate Change (SP-RCC), seems noteworthy. As its systems for planning and budgeting are considered under-developed compared to other MICs facing similar development challenges, development partners could provide necessary support, for instance by helping formulate country-led integrated national financing frameworks, which will better equip the country to arrive at a more holistic financing strategy. Utilising planning tools such as DFAAs, including through inter-regional co-operation efforts, could facilitate this process.

Moreover, development partners could contribute

to improving the quality of public expenditure / investment and support to integrating results-based funding mechanisms into development budgets, including through the provision of policy advice and technical assistance

- Consultations noted that country's efforts to pursue green growth and *technologically-oriented development* are creating an enabling environment for advancing the sustainable development agenda. Development partners are considered to have made positive contributions to these efforts including through providing policy / advisory services and / or technical assistance to developing green industries and pro-poor business solutions and facilitating the transfer of green technologies, including for SMEs.

While some development partners are contributing to enhancing the competitiveness of SMEs through CSR-related interventions¹¹⁴, economic, environmental, social and governance (EESG) reporting, which is not currently undertaken, could have manifold benefits, going beyond SCR standards. In this regard, development partners could provide a knowledge platform to facilitate policy debates and knowledge-sharing among multiple stakeholder groups. Further research should be undertaken to assess the impact of mandatory EESG reporting on development efforts in Vietnam.

- In addition, in 'donor-darling' countries like Vietnam, the demand is great for better harmonisation among development partners, alignment with national priorities and use of country systems including M&E mechanisms. Evidence shows that the related efforts of development partners have supported the country in optimising the allocation and management of development resources and co-operation efforts. To this end, the aid effectiveness agenda and effective development co-operation principles remain particularly relevant and demand greater efforts for compliance.

¹¹⁴ UNIDO. 2012. *Towards Green Growth Through Green Industry Development in Viet Nam*. New York: UNIDO, 12.

VII. Conclusion

The intention of the present study was to investigate how development co-operation interventions can strengthen the enablers of change to create an empowering environment for MICs to escape the middle-income trap and move up the development ladder.

While the four countries examined represent different development and country contexts, most of the pre-identified enablers seem relevant in their contributions towards addressing the inherent challenges facing MICs including: slowdown of productivity growth; widening inequality; lack of social protection and services; weak governance; lack of domestic resources; an under-developed private sector and civil society; lack of mechanisms to attract FDI; and insufficient capacity to manage the totality of resources with a holistic financing and co-operation strategy. In particular, the following enablers were validated in the MICs under analysis: *public-private collaboration for co-designing solutions; PM&E; capacity for integral planning and management for complexity; co-operation between political and administrative leadership; removal of obstacles undermining public servants' performance; capacity to innovate; green growth; and human-centred and technologically-oriented development.*

This study notes the catalytic role development co-operation is playing, through varied modalities of assistance, to enhance the policy, legislative, institutional, technical and financial capacities of all national development actors towards creating an enabling environment for sustainable development. The key findings confirm the positive contributions of development co-operation in catalysing the examined enablers including through: *strengthening national capacity; mainstreaming inclusive development; incentivising structural transformation and innovation;*

promoting a contextualised approach for development co-operation interventions; providing targeted support; and improving the quality of development co-operation. These efforts should be scaled up and better co-ordinated.

While positive correlations between key enablers and development co-operation interventions seem evident in these four MICs, there exists no sufficient empirical evidence. The policy considerations on the role of development co-operation in MICs emerged from practical examples / experience with development co-operation efforts. In addition, the evidence of support provided by the development partners examined in this study is limited to interventions by mostly bi-lateral and multi-lateral development partners (e.g. there are not enough examples of Southern providers available at the moment).

To build a sufficient empirical base on how the examined enablers, in conjunction with strategic development co-operation interventions, drive a processes of change that is economically viable, socially equitable and environmentally manageable, more studies are welcomed. Further research will also be useful to address ways in which adherence to effective development co-operation principles can further optimise the interventions of development partners in addressing the specific development challenges facing MICs. The Global Partnership for Effective Development Co-operation monitoring framework, which focuses on assessing the quality of development co-operation, can offer a useful benchmark in this context. The second monitoring exercise will be undertaken in the latter half of 2015 (through early 2016), and will provide a useful opportunity to further examine the impacts of implementing the effectiveness development co-operation principles of the Busan Partnership Agreement in the MIC context.

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Annex I: List of Interviewees

Ghana

No.	Name	Position	Institution
1	Adjonu, Sylvanus	Head of Urban Planning Unit	Ministry of Local Government
2	Adumako, Y.	Planning Policy and M&E Unit	Ministry of Education
3	Adwoa Asiam, Nana	Programme Officer	Japan Int. Cooperation Agency
4	Akin-Olugbade, Marie-Laure	Resident Representative	African Development Bank
5	Akolgo, Bishop	Executive Director	ISODEC
6	Akwetey, Emmanuel O.	Executive Director	IDEG – Institute for Democratic Governance
7	Apenteng, Magdalene	Director, Public Investment Division	Ministry of Finance (PPP Secretariat)
8	Bempomaah Mensah, Valeria	Programme Officer	Delegation of the European Union to Ghana
9	Burrull, Ignacio	Head of Co-operation	Delegation of the European Union to Ghana
10	Cudjoe, Franklin	CEO	IMANI – Center for Policy and Education
11	Crookes, Yusupha B.	Country Director	The World Bank
12	Dalla Stella, Paolo	Sustainable Development Cluster	UNDP
13	Edudzie, Emmanuel	Executive Director	YES Ghana
14	Fynn, George	Director, Policy Planning Monitoring and Evaluation	Ministry of Trade and Industry
15	Ghartey, Gladys	Head of UN System Unit	Ministry of Finance
16	Hague, Sarah	Chief of Social Policy	UNICEF
17	Maldonado Pyschny, Nicole	Head of Development Co-operation	Embassy of Germany
18	Osei-Bimpeh, George	Country Director	SEND Ghana
19	Pais, Paulo	Head of Co-operation and Cultural Service, Scientific Co-operation	Embassy of France
20	Poulsen, Karen	Head of Co-operation	Embassy of Denmark
21	Ramos, Lucinda	Chief of Education	UNICEF Ghana
22	Sunesson, Fredric	CEO	Slanson Ghana
23	Sadamoto, Noriaki	First Secretary	Embassy of Japan
24	Tae Hee, Lim	Aid Effectiveness Expert	KOICA
25	Taylor, Sally	Head of Country Office	DIFID, Embassy of UK
26	Turay, Sam	Country Program Officer	African Development Bank
27	Ueno, Takako	Project Formulation Advisor	Japan Int Co-operation Agency
28	Woochan, Chang	Resident Representative	KOICA
29	Zakaria, Afisa	Director of Policy Planning and Evaluation	Ministry of Health

Jamaica

No.	Name	Position	Institution
1	Budhan, Zuleika	Principal Director, Planning, Policy and Development Divisions	Ministry of Agriculture and Fisheries
2	Chung, Dennis	Chief Executive Officer	PSOJ – Private Sector Organisation in Jamaica
3	Connolly, Mark	Representative	UNICEF
4	Daley, Albert	Director of Environment Division	Ministry of Water Land, Environment and Climate Change
5	Ebert, Suzanne	Director	USAID
6	Foster-Allen, Elaine	Permanent Secretary	Ministry of Education
7	Hyman, Ralston	Economist	Trade Union Movement
8	Johnson, Asha	Operations Analyst	The World Bank
9	Lumsden, Richard	Deputy Director General	Planning Institute of Jamaica
10	Scott, Barbara	Deputy Director General	Planning Institute of Jamaica
11	Shepherd-Stewart, Andrea	Manager	Planning Institute of Jamaica
12	McDonald Gayle, Karen	Senior Programme Manager	Digicel Foundation
13	Orus-Baquena, Jesus	Head of the Development Co-operation	European Union
14	Parchment Brown, Donna	Director, Justice Reform Implementation Unit	Ministry of Justice
15	Schmid, Juan Pedro	Senior Specialist	Inter-American Development Bank
16	Scott, Barbara	Deputy Director General	Planning Institute of Jamaica
17	Sue-Ho, Mona	Social Development Manager	Jamaica Social Investment Fund
18	Thomas, Jerome	Country Representative	FAO
19	Thorpe, Denzil	Head of PATH	Ministry of Labour and Social Security
20	Tobita, Kenji	Resident Representative	JICA
21	Tufton, Christopher	Co-Executive Director	CaPRI – Caribbean Policy Research Institute
22	Turner-Johnes, Therese	Representative	Inter-American Development Bank
23	Witter, Michael	Senior Fellow, Social and Economic Studies	University of West Indies

Annex I: List of Interviewees



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Kazakhstan

No.	Name	Position	Institution
1	Abylaikhan, Akerke	Deputy Director of Department of Higher, Postgraduate Education and International Co-operation	Ministry of Education and Science of the Republic of Kazakhstan
2	Alimbekova, Gulzhan Toktamysovna	Director	Centre for Study of Public Opinion
3	Asanova, Jamila	Executive Director	Civil Society Development Association Argo
4	Babushkina, Ksenia	Head of Central Asian Advisory Practice	Ernst and Young Advisory LLP
5	Baimyrza, Ainur	Head of Governance and Local Development Unit	United Nations Development Programme
6	Bergeson, Nils R.	Kazakhstan Program Liaison Manager	U.S. Agency for International Development
7	Bouchez, Aurelia	Ambassador, Head of Delegation	Delegation of the European Union to the Republic of Kazakhstan
8	Bukeikhanov, Nuraly	Department of International Relations	National Chamber of Entrepreneurs of Kazakhstan
9	Chyngysheva, Asel	Portfolio Management Specialist	Asian Development Bank
10	Embergenova, Magripa Khamitovna	Deputy Director of the Department of first aid organisation	Ministry of Healthcare and Social Development of the Republic of Kazakhstan
11	Goertz, Rainer	Head of the GIZ Delegation	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
12	Jandosova, Janar	Founder	Sange Research Centre
13	Karimsakov, Murat	President	Association of Legal Entities "Eurasian Economic Club of Scientists" Association
14	Katenov, Ildar	Director	Civil Alliance of Kazakhstan
15	Kim, Stanislav	Head of the Dept. of Energy and Environment	United Nations Development Programme
16	Omarova, Anar	Head of Astana Resident Office	European Bank for Reconstruction and Development
17	Sagimbayeva, Zhanar	Monitoring and Evaluation Officer	United Nations Children's Fund Kazakhstan
18	Sarsenov, Ilyas	Senior Economist, Macroeconomic and Fiscal Management	World Bank
19	Shpuling, Tatyana	Senior Project Specialist, EBRD Small Business Support Kazakhstan	European Bank for Reconstruction and Development
20	Sirazhiddinovich, Sultanov Azat	Acting Director of the Department of Investment Policy and Financial Instruments	Ministry of Agriculture of the Republic of Kazakhstan
21	Strazdina, Renate	Co-Executive Director	CaPRI – Caribbean Policy Research Institute
22	Executive Director;	Director	Institute of Modern Studies, L.N. Gumilyov Eurasian National University
23	Ernst and Young Advisory LLP	Third Secretary	Embassy of Japan in the Republic of Kazakhstan
24	Tumabaev, Kuat Mukhituly	Director of the Department of Investment Policy	Ministry of National Economy of the Republic of Kazakhstan
25	Velichkov, Kamen	Minister Plenipotentiary Head of Political, Press and Information Section	Delegation of the European Union to the Republic of Kazakhstan
26	Yasumasa, Iijima	Deputy Head of Mission;	Embassy of Japan in the Republic of Kazakhstan

Vietnam

No.	Name	Position	Institution
1	An, Ha Hai	Deputy Director General,	State Bank of Vietnam
2	Anh, Tran Thi Lan	Deputy Director, Bureau for Employers' Activities	Vietnam Chamber of Commerce and Industry
3	Bao, Le The	Chairman	Vietnam Association of Anti-Counterfeiting and Trademark Protection
4	Burkhanov, Bakhodir	Deputy Country Director	UNDP
5	Chung, Nguyen Thi Phan	Deputy Director General, International Relations Department	Vietnam Chamber of Commerce and Industry
6	Chuong, Chu Van	Deputy Director of International Co-operation	Ministry of Agriculture and Rural Development
7	Cong, Thanh	Director General	Ministry of Finance
8	Cuong, Nguyen Hoa	Deputy Director General, Agency for Enterprise Development	Ministry of Planning and Investment
9	Cuong, Nguen Viet	Deputy Head of Statistics and Information Division, Foreign Investment Agency	Ministry of Planning and Investment
10	Cung, Nguyen Dinh	President	Central Institute for Economic Management
11	Dung, Nguyen Anh	Expert	Ministry of Transport, Department of Planning and Investment
12	Gilbert, Patrick J.	Country Representative	UNIDO
13	Hang, Nguyen Thanh	Deputy Director General;	Ministry of Transport, Department of Planning and Investment
14	Hien, Bui Thu	Operations Coordinator	UN-Habitat
15	Hoa, Pham Thi Quynh	General Director	National Academy of Public Administration, Ministry of Home Affairs
16	Huong, Nguyen Thi Minh	Director of Information – Education – Communication	Vietnam Womens' Union
17	Huong, Nguyen Thu	Senior Programme Coordinator	Oxfam
18	Lợi, Mai Phan	Chief Representative	HCM City Justice Newspaper
19	Mai, Pham Hoang	General Director of Department of Science, Education and Environment	Ministry of Planning and Investment
20	Ngan, Trin Thi	Chief of Consulting Department	People's Committee of Hanoi City, Hanoi Small and Medium Enterprises Association
21	Ogane, Matsatomo	Senior Aid Co-ordination Advisor	JICA
22	Phuc, Le Huu	Director General of International Co-operation Department	Ministry of Industry and Trade
23	Phuong, Tran Quoc	Deputy Director of Dept. of Social Affairs	Ministry of Planning and Investment
24	Pita, Juan	General Coordinator of Co-operation	Embassy of Spain
25	Sato, Keiko	Portfolio and Operation Manager	The World Bank
26	Tamura, Yumiko	Principal Country Specialist	Asian Development Bank
27	Tuan, Tran Anh	Head of the World Bank Group Division	State Bank of Vietnam
28	Thu, Tran Thi Anh	Deputy Head of International Relations Department	Vietnam Womens' Union
29	Quang, Nguyen	Programme Manager,	UN-Habitat

Annex II: Sample Research Questions

- 1) **How are the five cross-cutting enablers identified playing out to lead Country X towards achieving smooth transitions into higher levels of economic and human development?**
 1. Are there any formal guidelines regulating / institutionalising social dialogue for co-definition of problems?
 2. Are the participants of development processes able and willing to undertake collective actions and co-decide?
 3. Are there any public-private collaboration mechanisms for co-designing solutions in place?
 4. Are there participatory co-monitoring / co-evaluation modalities in place?
 5. Is there a sufficient level of networked social capital in place?

- 2) **How are the five cross-cutting enablers identified been co-created, solidified and sustained by public, private and non-governmental sector actors?**
 1. Who is eligible and who actually participates in the social dialogue and co-definition of problems?
 2. How is the process of social dialogue organised? Who leads this process?
 3. Are the main stakeholders aware of their roles in the social dialogue? Do they feel responsible for the outcomes of this process?
 4. Are the main stakeholders in possession of adequate skills, knowledge and information to participate effectively in the processes of social dialogue and co-definition of problems?

- 3) **How are the enablers of the public sector playing out to lead the country towards achieving smooth transitions in its growth / development?**
 1. Please describe the process of co-operation between political and administrative leadership.
 2. Is the administrative continuity secured in case of political changes?
 3. What are the main obstacles undermining public servants' performance?
 4. How can these obstacles can be removed?
 5. Is the public administration capable of undertaking long-term planning and effectively managing complex processeses?
 6. Are the administrative structures open to innovation?
 7. What are the most important innovations of the last 10-15 years?

- 4) **How are the enablers of the private sector playing out to lead the country towards achieving smooth transitions in its growth / development?**
 1. Are there any mechanisms to attract private investment in sustainable development in place?
 2. Is the private sector encouraged to participate in sustainable urbanisation or livelihoods?
 3. What kind of mechanisms / policies are available in support of these aims?
 4. Is the private sector willing to adapt inclusive and green business models and technological solutions for people-centred, less resource-intensive growth?

5) What are the enablers in the non-governmental sector?

1. Is civil society included in the process of social dialogue?
2. What is the policy towards the NGO sector in Country X?
3. What kind of support (if any) is expected by the non-governmental sector from international donors and Country X's government?
4. What is the role of the NGO sector according to its representatives?
5. What is the role of the non-governmental sector according to the public sector?

6) Is there any other distinctive enabler(s) to add in each of these sectors?

1. Are there any country-specific enablers of change for country X?
2. What is the rationale behind these country-specific enablers?

7) What are the cross-cutting disablers in public, private and non-governmental sectors, which have caused or are causing the country to stagnate in growth / development or (where relevant) to regress to a lower status of income and development?

1. What are the obstacles slowing down Country X's development according to public administration?
2. How can these obstacles be addressed / removed?
3. Who should be responsible for counteracting disablers?

8) What are concrete examples of catalytic interventions of development co-operation, which have triggered or are triggering each of the cross-cutting enablers as well as other sectoral enablers?

1. What are the concrete interventions aiming at pre-identified cross-cutting enablers in Country X?
2. What are the objectives of these interventions?
3. What are the results of these interventions?
4. What should be the objectives of the future interventions?

9) What are concrete examples of counter-productive interventions of development co-operation, which inadvertently hindered / are hindering the cross-cutting enablers or reinforcing the disablers identified above?

1. What are the concrete counter-productive interventions in Country X?
2. What are the objectives of these interventions?
3. What are the results of these interventions?
4. Why did these interventions not bring positive change?
5. How can these obstacles / problems be changed or reduced in the future?

10) What kind of institutional and policy frameworks are facilitating the catalytic interventions of development co-operation?

1. What is the policy background of the catalytic intervention on an international / national level?
2. What is the institutional framework of the intervention?
3. What are the roles of the stakeholders?
4. What are the approaches of the stakeholders towards the expected results of the intervention?
5. What kind of changes can be introduced to strengthen the catalytic effects of the interventions?

¹ In relation to the diverse profiles of countries including MICs, there is growing consensus within the international community that allocation of international public finance in the post-2015 era should take into account a more comprehensive assessment approach beyond GNI per capita criterion, reflecting the integral needs and realities of countries, such as their capacities to mobilise domestic and external resources, social indicators (e.g. UNDP's Human Development Index that includes a multi-dimensional poverty indicator), etc. For more information, see: Glennie, Jonathan and Gail Hurley. June 2014. Where Next for Aid? The Post-2015 Opportunity. Discussion Paper. New York: UNDP and ODI.



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