

## New Consensus on More “Effective Institutions” for Development Deepening capacity development and making reforms happen for country-led sustainable results

We<sup>1</sup> endorse in Busan a new consensus on supporting and strengthening institutions and policies to ensure they are effective in delivering or enabling the delivery of public services. The initiatives under the **New Consensus** draw on lessons learned since Paris and Accra on the country-level evolution of financial governance (procurement and public financial management) and emerging key principles for country-led capacity development. In particular, the use of all or parts of national systems in the delivery of assistance can continue to play a catalytic role in building effective institutions and facilitate the integration of tools of transparency, accountability and inclusiveness. Based on these lessons, we endorse a strengthened approach to promoting and measuring more effective institutions and policies, based on solutions specifically tailored to the country context and local processes.

We recognize that effective public institutions and policies are pivotal and indispensable for development in Partner Countries and that respect for country-level efforts is essential for sustaining development gains. In particular, we observe that core state functions and independent oversight institutions should continue to be strengthened to catalyze the leveraging of financial and other resources for sustainable development and capitalize on the opportunities created by the changing global landscape. At the same time development partners should stand ready to effectively support partner-led efforts.

We also recognize that there is no single “best practice” for institutional reform for all countries and that political economy factors contribute significantly to shaping the effectiveness of our joint efforts towards developing effective institutions. Given the inherently political nature of change, we commit to ensuring broad-based political engagement, in this process, including strengthening gender responsive approaches. In particular, we highlight the essential role of parliaments and CSOs in strengthening capacities and institutions as users of information as well as partners in building more effective institutions and policies.

Based on these lessons, we endorse a reinvigorated approach to supporting and strengthening institutions and policies comprising:

- a) A focus on factors that make reforms and capacity development happen including political economy, country leadership, a focus on results, change management, sequencing of institutional and policy change, sub-national institutions, the role of parliaments, civil society, better domestic resource mobilization; and the strategic roles of public financial management, procurement and oversight functions.
- b) Partner-led joint assessments of country institutions, systems, resilience and capacity development needs, as well as enhanced collaboration on identification, analysis and monitoring of risks;
- c) Country-based partner-led evidence-gathering on institutional performance and capacity development to inform decision making, accountability, transparency and accessibility.
- d) Systematic regional and global knowledge-sharing, including south-south, international and regional organizations to facilitate learning on what works to make institutions more effective and reforms happen.

In supporting this work post-Busan, we will link existing networks and organizations sharing the goal of making institutions more effective and increasing capacity to implement reforms and deliver services.

<sup>1</sup> Representatives of the following countries and institutions: Cambodia, Canada, Denmark, France, Germany, Ghana, Ireland, Israel, Korea, Malawi, Moldova, Netherlands, New Zealand, Peru, Philippines, Rwanda, South Africa, Sweden, United Kingdom, United States, Zambia, ACBF, Africa Union/NEPAD, Asian Development Bank, CARICOM, CABRI, European Commission, IFAC, INTOSAI, LenCD, OECD, UNDP, World Bank, World Bank Institute