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**DEVELOPMENT CO-OPERATION DIRECTORATE
Development Assistance Committee**

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Working Party on Aid Effectiveness

**CHAIR'S SUMMARY
ACCRA HIGH LEVEL FORUM ON AID EFFECTIVENESS**

Including Full Roundtable Summaries

25-26 November 2008

Stephanie Baile, tel: +33 (0) 1 45 24 90 30, email: stephanie.baile@oecd.org
Hubert de Milly, tel: +33 (0) 1 45 24 98 32, email: hubert.demilly@oecd.org

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FOREWORD

**By the Minister of State, Ministry of Finance and Economic Planning
Republic of Ghana**

**A tribute to the late Mr. Kwadwo Baah-Wiredu (1952-2008)
Minister of Finance and Economic Planning, Republic of Ghana (2005-2008)**

It was with deep sadness that we learned of the demise of Mr. Kwadwo Baah-Wiredu on September 24th, soon after the end of the Accra High-Level Forum. His vision and deep understanding of aid effectiveness issues contributed greatly to the success of the Forum. As the convenor of a group of Ministers from the Highly-Indebted Poor Countries, he has helped leaders to share their experiences so as to make progress in using debt-relief for poverty reduction. His role as the first African co-Chair of the Strategic Partnership with Africa set an important precedent and sent a clear message to the world. During the Forum, his sense of humour helped to bring the difficult negotiations around the Accra Agenda for Action to a successful close. His passion and his guidance will be missed during the coming months and years as the international community puts the AAA into effect.

“The vision exists. We know what needs to be done. But we are not doing it enough.”¹

For three days in September 2008 the international aid community met in Accra, Ghana, to wrestle with the many-faceted issue of how to make development aid more effective—how to deliver and use it so that it can have the greatest possible impact in reducing poverty, promoting peace and prosperity, and achieving a better life for all.

A sense of urgency and accountability, and at times passion, pervaded the Accra High Level Forum (HLF), driven from the highest political levels by heads of state, ministers, and heads of development agencies. Speaker after speaker reminded us of the severity of the challenges we face and urged us to act to meet those challenges.

The Accra HLF was surely one of the most thoroughly prepared conferences ever: it had been preceded by months of public consultations including nearly a dozen regional meetings that elicited the thoughts and concerns of hundreds of representatives of governments, aid institutions, parliaments, global funds, and civil society organizations. The sessions in Accra were designed to focus attention on these concerns and promote broader discussion of them.

But as engaging and valuable as it all was—the presentations, the Roundtables, the discussions, the Marketplace of Ideas, the side events, the conversations with colleagues from around the globe—what the world will remember from this event is the Accra Agenda for Action (AAA). The AAA had been drafted through the same process of consultation that informed the HLF itself, but what we brought to Accra was not by any means a finished product. It took days of hard negotiations at the political level to craft the

¹ « La vision existe. Nous savons ce qu'il faut faire. Mais nous ne le faisons pas assez. » Statement in Plenary on September 4th by Louis Michel, Commissioner for Development and Humanitarian Aid, European Commission.

final document, one that has real substance and serves to increase the political momentum for implementing the Paris Declaration.

The AAA imparts a sense of urgency, acknowledging that, although there has been progress, much more work is necessary if we are to meet the challenges of development today. It contains strong commitments by partner countries, donor governments and development institutions to promote greater country ownership, build more effective and inclusive partnerships with a wide range of development actors, and achieve—and account for—development results.

It contains measures to strengthen accountability and transparency, change the nature of conditionality, increase the predictability of aid, and enhance the use of countries' own systems. It notes the importance of capacity building and of South-South cooperation. It recognizes new development actors—middle income countries, global funds, the private sector, civil society organizations—and calls for improving the division of labour, untying aid, and adapting aid policies for countries in fragile situations. And it looks forward, noting that the aid effectiveness agenda is part of the broader financing for development agenda, and linking it both to the MDG High Level event in September and to Doha in November.

We are under no illusions--the AAA is a challenging agenda. But I think I can speak for all the participants in the HLF—those who were in Accra, those who were involved through the preparations, and those around the world who paid close attention to what we were doing in Accra—when I say that we are confident that, with strong political support and the dedicated efforts of all actors, we can translate this Agenda into meaningful actions to increase the effectiveness of aid and bring nearer “a future in which no countries will depend on aid.”

Dr. Anthony Akoto Osei
Minister of State,
Ministry of Finance and Economic Planning
Republic of Ghana

SUMMARY REPORT ON THE THIRD HIGH LEVEL FORUM ON AID EFFECTIVENESS**ACCRA, 2 – 4 SEPTEMBER 2008**

The Third High Level Forum (HLF) exceeded expectations. It was held in Accra on 2- 4 September 2008, to accelerate reforms to the processes by which developed and developing countries work together to ensure that development assistance is well spent. The Forum brought together some 1700 participants, including ministers, heads of development agencies, civil society organisations, parliamentarians and foundations from more than 125 countries and 30 institutions. It was organised by the OECD and the World Bank, together with the Government of Ghana, which hosted the event.

The Forum took place at the half-way mark between 2005, when the Paris Declaration on Aid Effectiveness was endorsed by over 100 governments and development agencies, and the 2010 target date for delivering on the commitments they made.

The Accra Agenda for Action (AAA) was endorsed at the Forum. In essence, developing countries are committing to take control of their own futures, donors and other development actors to deliver and manage aid differently, and co-ordinate better amongst themselves, and both parties to account to each other and their citizens.

The programme of events in Accra² covered, first, the setting for the Forum, followed by the nine Roundtables and the ministerial debates. These main elements of the programme are reflected in chapters 1, 2 and 3 respectively of this summary report. Boxes in the text describe the Marketplace of Ideas and the side events.

² See annex 1.

1. THE SETTING FOR THE HLF

1.1 THE ROAD TO ACCRA

The HLF built on a foundation of previous commitments and actions which recognised that increasing the amount of aid and raising its effectiveness are intimately connected, and that high-level political engagement is essential to move the agenda forward. The Millennium Summit of 2000 was a historic turning point, setting ambitious aspirations, defining results and strengthening accountability. Subsequent agreements at Monterrey (2002), HLF-1 in Rome (2003), Marrakech (2004)³, and HLF-2 in Paris (2005), together with the 2005 Gleneagles commitment on scaling up aid, have combined to create a new basis for the international aid system. The Paris Declaration was a landmark in defining the principles by which aid would be made more effective, securing practical commitments to new ways of working, setting a target date of 2010, specifying measurable indicators, and setting up a monitoring system. The Accra HLF was about applying these principles in practice; it was the occasion for a mid-term review by those who are accountable for the progress they have made, and for reaffirming and, where necessary, redefining commitments.

The HLF built on the most comprehensive consultation process ever undertaken to underpin a development initiative. It was driven by the Working Party on Aid Effectiveness, an international partnership of donors and developing countries hosted by the OECD-DAC. A contact group of developing country partners fed into the preparation for the Forum; regional consultations were held in Latin America and the Caribbean, Africa, the Middle-East and in East, West, Central and South Asia and the Pacific; over 50 countries were involved in surveys to identify priority concerns and actions; and civil society organisations (CSOs), representing the views of over 3,500 organisations worldwide, were more actively involved than ever, both before and during the Forum. In Accra, CSOs held an event in the previous week whose findings were presented to the Forum, challenging some widely held positions, and stressing the need to address inequality as well as poverty.

1.2 RESULTS SINCE 2005

At this mid-term stage, a main aim of the Forum was to take stock of the extent to which donors and developing country partners are fulfilling the commitments made in the Paris Declaration. **Evidence was provided from three major complementary sources:** the Monitoring Survey reporting on the twelve indicators agreed in 2005; the Evaluation study providing assessments based on reports from selected donor and partner countries; and the overall Progress Report reviewing the range of commitments made against the five Paris Declaration Principles (ownership, alignment, harmonisation, development results and mutual accountability) as well as on the four additional topics addressed by Roundtables at the Forum: situations of fragility and conflict; civil society and aid effectiveness; sector-specific experiences; and the new aid architecture⁴. The focus of the Paris Declaration on monitorable results means that there are now

³ International Roundtable on Managing for Development Results

⁴ The sources of evidence prepared for the Forum are: 'Effective aid by 2010? What it will take.' 2008 survey on monitoring the Paris Declaration <http://www.oecd.org/dataoecd/58/41/41202121.pdf>; 'Evaluation of the implementation of the Paris Declaration: synthesis report,' http://www.diiis.dk/graphics/Subweb/paris_evaluation_web/index.htm; and 'A progress report on

more facts than ever before to enable an assessment of performance against key dimensions of aid effectiveness⁵.

Overall, the evidence is clear that some good progress is being made, but in many cases an acceleration will be needed if the 2010 targets are to be met. Much has been done to put in place the preconditions for sustainable acceleration; the priority over the remaining years to 2010 will be to make maximum use of these foundations to achieve rapid measurable progress. The Monitoring Survey found that three of the twelve aid effectiveness targets are within reach by 2010 (technical co-operation is aligned and co-ordinated; public financial management (PFM) systems are reliable; and aid is increasingly untied.) A further three are within reach but will require efforts to be scaled up at country level (donors avoid parallel project implementation units; aid flows are accurately recorded in countries' budgets; and aid is more predictable within the year it is scheduled.) However, six are off-track and will be difficult to achieve unless partner countries and donors very seriously gear up their efforts (countries operationalise their development strategies; donors use country PFM and public procurement systems; donors use co-ordinated mechanisms for aid delivery; donors co-ordinate their missions and their country studies; countries develop sound frameworks for monitoring development results; and mechanisms for mutual accountability are established at country level.)⁶ Progress varies considerably by donor and by partner country, some having gone well beyond the Paris Declaration commitments and providing excellent examples of what can be achieved, but there are too many examples of persisting patterns of behaviour that undermine aid effectiveness.

1.3 INTERNATIONAL CONTEXT

In the opening session, many participants stressed that aid effectiveness must be seen in a broad context. **Aid is one means, among others, of contributing to achieving the Millennium Development Goals (MDGs)** and other international commitments. It must be managed so as to be complementary with a range of other actions, in such diverse areas as human rights, the environment, and trade (where the failure of the latest WTO round was seen by Forum participants as a worrying example of aid and trade policies not being mutually supportive). The presence at the Forum of countries that used to rely on aid, but now do so much less if at all, underscored the frequently expressed objective of bringing about a world in which aid is not needed. The fact that the host country Ghana has for the first time raised funds on the Eurobond markets was seen as a landmark, suggesting scope for progressively greater access to private financial flows by countries that have hitherto relied almost entirely on aid.

Many examples of successful **poverty-reducing development** initiatives were shared at the HLF. In particular the accelerated economic growth and attention to the agenda of improved governance in many African economies, including in Ghana, was welcomed. However, many speakers stressed the sobering nature of the challenges now facing the international community, and noted how many of them require joint co-ordinated action. New data were presented from the World Bank showing that with a redefined poverty line of US\$1.25/day, 1.4 billion people are still living in poverty, and many countries are well off-track from what is needed if they are to achieve the MDGs by 2015. The recent rises in the prices of food and energy are not just hurting poor people directly, but also represent a macro-economic shock to vulnerable economies that threatens to lead to higher indebtedness and/or to lower growth and worsening poverty. It was estimated at the Forum that in this year alone, least developed countries will be obliged to

implementing the Paris Declaration,⁷

http://siteresources.worldbank.org/ACCRAEXT/Resources/Progress_Report-Full-EN.pdf

⁵ Nevertheless, the sources referred to in the previous footnote identify a number of shortcomings in the evidence, and suggest ways of strengthening the monitoring system.

⁶ Further detail may be found in the Monitoring Survey (summary version) pages 4-7.

pay an additional US\$50bn to maintain the levels of their oil imports. The fragile state of the world economy was widely recognised, and concerns were expressed that this might jeopardise the willingness of people in developed countries to support the increases in aid to which donors committed at Gleneagles in 2005.

The continuing insecurity of some parts of the world, and the adverse impact this has on prospects for social and economic development, were noted. As a result of fragmented decision-making, in some cases these fragile states have become 'aid orphans'. But more positively, Africans have become more effectively engaged in resolving conflicts in their continent.

Finally, many participants stressed **climate change and the severe threat this poses** to development gains, linking it with wider environmental issues and with the aid effectiveness agenda, and emphasising the need for massive sustained collective action.

Changes are also underway to the world's aid system as the increasing number and diversity of players (notably middle-income countries, foundations and global funds) bring new perspectives and experiences. The international dialogue is now enriched by contributions (for instance on capacity development and south:south and trilateral cooperation) from middle-income countries, many in Asia and Latin America, which have made great gains in living standards and capabilities, and which in some cases have now become donors themselves. This diversity lent momentum to the discussion at the Forum of the need to address fragmentation, and to rationalise the delivery of aid. The fact that there are some ten vertical funds addressing climate change suggests that not all the moves are in the right direction.

Beyond Accra, the endorsement of the AAA is an important source of momentum that should raise the prospects for success, both at the High-Level MDG event held in New York later in September, and at the Doha meetings in November-December 2008 on the financing of development. Looking further forward, the Fourth High-Level Forum on Aid Effectiveness is due to be held in 2011. By then evidence will be available on the extent of achievement by 2010 of the commitments made at Paris, and updated at Accra.

THE MARKETPLACE OF IDEAS

A Marketplace of Ideas was created to provide an opportunity for a large number of participants to make a contribution to the Forum in a way that would not have been possible through statements from the floor⁷. Over 50 posters were presented by developing countries, over 30 from donors and nearly 30 from non-governmental service providers, lobbyists and networks. The posters provided a brief snapshot of interesting experiences and a sample of current levels of best practice.

Diversity of experience

The posters demonstrated the huge diversity of circumstances facing both donors and partner countries, underlining the necessity to adapt the application of the Paris Declaration to local circumstances at the level of both countries and sectors. The posters also reflected the simultaneous process of organisations proliferating and of groups consolidating. Tendencies towards both harmonisation and duplication appear likely to continue. A number of posters reflected groupings that blur the distinction between bilateral and multilateral agencies, particularly at the level of trust-funded programmes.

⁷ For more information on the Marketplace see: <http://www.accrahlf.net/WBSITE/EXTERNAL/ACCRAEXT/0,,contentMDK:21761537~pagePK:64861884~piPK:64860737~theSitePK:4700791,00.html>

Richness of experience

The posters tended to be clustered into:

- National systems to apply the Paris Declaration principles in budgeting, and specifically aid management (e.g., Vietnam, Sierra Leone, Serbia, Rwanda, Palestine, Mozambique, Lao PDR, Mongolia, Honduras, Dominican Republic, Cook Islands, DR Congo, Burundi, Zimbabwe).
- Methods and Tools (e.g., Capacity Scanning in Mauritania, Co-ordination and Decision Support System in India, Poverty impact assessment in Senegal).
- Databases particularly relating to aid flows at the country and sub-sector level (e.g., in Egypt, Malawi, Sudan and Iraq).
- Specific projects or sector programmes.

The posters showed how practitioners are now trying to apply the principles of the Paris Declaration, and revealed progress in a wide range of countries and sectors. They provided useful insight into the practical difficulties involved, and many included sections on the lessons learned. The main challenges appeared to be lack of capacity, lack of performance data and the relatively slow progress in implementing processes of harmonisation and alignment.

There was inevitably some variability in the way participants carry forward the Paris Declaration principles. For instance some national programmes focussed on developing national plans and increasing “ownership”, while others adopted more results-based management approaches.

At the sector level there was a clustering of cases on improving aid in health (Tanzania, Ghana, Zambia), education (Fiji, Ghana, Benin, Bangladesh), and water and sanitation (Uganda), and to a lesser extent on productive or economic infrastructure sectors such as micro finance (Ghana), banking (Azerbaijan), and agriculture (Guinea Bissau/China, and the Philippines). Other topics ranged from policing motorway traffic (Pakistan) to strengthening electoral processes (Sierra Leone).

Innovation

All posters appeared to contain elements of innovation. Numerically MfDR appeared to be the most widely applied innovation, but also featured were the trust fund approach to donor co-ordination in the difficult circumstances of Nepal, poverty impact assessment systems in Senegal, and the evolution of a SWAp in Mali into a more fully owned “compact”. The UNDP-sponsored development assistance database is also an innovation with widespread possible application.

Outcomes

Many posters documented outputs of their programmes, but few were able to report at the level of development outcomes, probably because of the complex causal relations involved and the relatively recent start of many schemes.

The winners

The Forum organisers provided a mechanism by which participants could vote on the various posters through a system of stickers. The winners in each category were:

| | |
|------------------------------------|----------|
| Ownership | Niger |
| Harmonisation | Benin |
| Management for Development Results | Honduras |
| Alignment | Tanzania |
| Mutual Accountability | Togo |
| Best in Show | Ghana |

2. ROUNDTABLE DISCUSSIONS

The Roundtables addressed the five principles of the Paris Declaration (ownership, alignment, harmonisation, managing for development results, and mutual accountability), and four issues that had been identified during earlier consultations as being central to aid effectiveness (the role of civil society in enhancing aid effectiveness, aid effectiveness in situations of fragility and conflict, enhancing results by applying the Paris Declaration at sector level, and the implications of the changing aid architecture.) This section provides the Chairs' individual summaries of these discussions⁸ while recurring themes are presented in chapter 3.

2.1 ROUNDTABLE 1. COUNTRY OWNERSHIP: “WHOSE OWNERSHIP? WHOSE LEADERSHIP?”

Ownership is a make-or-break principle of effective aid. Inextricable links exist between putting ownership into practice and implementing the other principles of the Paris Declaration on Aid Effectiveness. The Declaration defines ownership as developing countries exercising “effective leadership over their development policies, and strategies”. Donors commit to respect partner-country leadership and help strengthen their capacity to exercise it. In order to monitor progress on ownership, the signatories agreed on one indicator, calling for at least 75 per cent of aid-recipient countries to have “operational development strategies by 2010”. Three years on, there is general agreement that these commitments and the target still hold as important components of ownership. According to the Evaluation Report of the Paris Declaration, some progress is being made. However, the Report also finds that many countries are encountering obstacles in translating national strategies into sector strategies and operational and decentralized programmes.

The following issues were on the agenda for Roundtable 1:

- The definition of ownership in the Paris Declaration is narrowly focused on central government: what would a broader definition of ownership look like at country-level, and what could partner country governments do to broaden ownership of development policies?
- Donor agencies still have a long way to go in supporting partner-country leadership in the design of policies. How do they need to rethink – together with their partners – development co-operation?
- Currently, progress in implementing ownership is measured through evaluations of the quality of Poverty Reduction Strategy Papers. Which actors and which existing monitoring mechanisms could help feed a more diverse and legitimate monitoring system for ownership?

There is now consensus about the need for a broad-based understanding of ownership, as captured in paragraph 13 of the Accra Agenda for Action, which explicitly commits governments to engaging with parliaments, local authorities and civil society as important actors and legitimate stakeholders in development. And capacity development – along the lines of the Bonn Consensus – figures prominently in the Accra Agenda for Action, which postulates a capacity development that is demand-driven and designed to support country ownership (Para 14).

⁸ More information on the Roundtables may be found at:
<http://www.accrahf.net/WBSITE/EXTERNAL/ACCRAEXT/0,,contentMDK:21735840~pagePK:64861884~piPK:64860737~theSitePK:4700791,00.html>

The Roundtable reaffirmed the consensus achieved on broad-based ownership, highlighted the importance of endogenous capacity development for all development actors and emphasised the potential lying in south-south and trilateral cooperation.

Topics and issues that would call for further exploration and work are:

- The need for a more broad-based understanding of country ownership. How can stakeholders promote broad-based ownership in practice?
- The need for a new approach to capacity development for ownership: donor and partner practice must evolve in terms of how programmes and initiatives are designed.
- South-south cooperation and trilateral cooperation have untapped potential to promote capacity development: there is a need to identify good practices, principles and criteria.
- The links between conditionality and ownership remain controversial and require further work and analysis.
- The need to revisit the indicator for country ownership or to complement it.

Both co-chairs were of the opinion that the Working Party on Aid Effectiveness ought to ensure that such work is undertaken, and both declared their readiness in principle to contribute to such an initiative, in whatever manner is appropriate.

2.2 ROUNDTABLE 2. ALIGNMENT: USE OF COUNTRY SYSTEMS, UNTYING AID, AID PREDICTABILITY- CHALLENGES AND WAYS FORWARD

Main issues covered in the Roundtable. Alignment is a key principle of the Paris Declaration on Aid Effectiveness. During HLF-3, the Roundtable on alignment aimed to take stock of the progress towards agreed targets for 2010 and to provide suggestions for work for further progress.

The Roundtable on alignment was divided into two segments, dealing with two sub-themes each. The first segment dealt with (i) alignment to objectives & policies, and (ii) alignment to time horizons (predictability); while the second segment covered (iii) alignment to country systems, and (iv) alignment to market (untying).

Main points of consensus. Discussions at the Roundtable showed universal agreement on one key finding: *progress towards greater alignment has been limited since Paris*. Despite significant improvement in many developing countries' public financial management systems, there has not been a reciprocal increase in donors' use of these strengthened country systems.

In order to reach our 2010 targets on alignment, there is *a strong need to accelerate delivery on our commitments*. Many noted how this sense of urgency was not fully reflected in the latest draft of the Accra Ministerial Declaration (Accra Agenda for Action) available at the time of the Roundtable discussion⁹.

Proposals for further work and debate (issues/institutional). On proposals for further work and debate, the Roundtable underscored the need to support a country's own priorities, use its systems and give it the time to achieve its objectives through policy trial and error. This requires trust. Trust cannot be built, if donors do not relinquish control. Trust cannot be built, if partners do not give tangible proof of their commitment to their own development agenda.

⁹ Editor's note: the AAA draft was subsequently strengthened on the use of country systems.

To build trust, it is important to show that progress towards our mutual commitments is taking place on both sides. For this reason it is important for the debates and monitoring efforts that have taken place in the run-up to Accra and at this Roundtable to continue:

- In the most immediate future, as we progress towards the two other key aid events planned for 2008 - the MDG-event in New York in September and the Financing for Development conference in Doha.
- In the longer term, within the context of the Working Party on Aid Effectiveness by fostering a reorganization of its subsidiary bodies around the key issues where progress and common understanding is more lacking (such as predictability and conditionality)
- At the country level, by setting up country-specific monitoring arrangements better capable of measuring and creating incentives for alignment.

2.3 ROUNDTABLE 3. HARMONISATION: RATIONALISING AID DELIVERY, COMPLEMENTARITY, DIVISION OF LABOUR.

The Roundtable addressed two topics, which were signalled as priorities from partner and donor countries in the preparatory process of the HLF Accra:

- **in-country division of labour**, focussing on the bottlenecks to successful division of labour and ways to overcome them; and
- **cross-cutting issues including** human rights, gender equality and environmental sustainability and their promotion through harmonized approaches.

At the same time, there is acknowledgement of the need for further advances in many areas of the broader harmonisation agenda, e.g. with regard to programme-based approaches, joint procedures, missions or evaluations. These issues, however, were not on the agenda for detailed discussion.

Regarding in-country **division of labour** (DoL), the main points of discussion were:

- Excessive fragmentation of aid reduces aid effectiveness, overburdens partner countries, and leads to duplication and high transaction costs. Beyond improved complementarity, successful in-country DoL will contribute to enhanced ownership, deeper alignment to country priorities, improved transparency and results-orientation.
- There was the recognition that a conscious management of DoL is urgently needed in many countries. DoL will have to be geared towards achieving better development results, and its contribution towards this goal should be measured.
- While acknowledging that there will not be one blueprint for successful DoL processes, it was evident that good practice elements have emerged in a number of countries, e.g. Uganda, which should be shared and discussed more widely. Many of these have already been integrated in the international good practice principles on in-country DoL, such as (i) the importance of partner government leadership to drive the DoL process; (ii) shaping DoL processes in a transparent and inclusive way, allowing a broader set of stakeholders, including civil society, to engage; (iii) establishing lead donor arrangements based on comparative advantage assessments, and not only on the volume of the financial contribution; (iv) the strengthening of aid management capacities by partner governments, if needed, with coordinated external support; and (v) the provision of timely and transparent aid information by donors.

- Critical challenges relate to (i) carefully balancing the goals of reducing donor fragmentation and maintaining a sufficient diversity in terms of approaches and instruments; (ii) keeping up – from a civil society point of view – an appropriate mix of funding mechanisms; (iii) the need to further associate new donors and global programmes with in-country DoL processes; and (iv) encourage DoL based on strong country strategies which allocate donor roles based on their comparative advantages to achieve results.
- Regarding the promotion of cross-cutting issues through harmonized approaches, the main points of discussion included the following:
- Participants highlighted that aid harmonisation is not an end in itself; harmonisation processes and initiatives need to be geared towards the achievement of tangible results impacting positively on the lives of poor women, men and children. It means focusing on the harmonisation of outputs and outcomes, rather than of inputs alone.
- Cross-cutting topics should not be dropped just because they do not seem to fit into a harmonised approach. Donors and partners alike need to firmly integrate human rights, gender equality and environmental sustainability as goals in their own right, as well as cross-cutting objectives.
- Ways of promoting the so-called cross-cutting issues through harmonised approaches and the application of aid effectiveness principles are increasingly documented. The potentially beneficial relationship was illustrated by the powerful case examples provided.
- Mainstreaming cross-cutting issues seems to be most effective (i) under partner country leadership and (ii) through partner country policies, procedures and institutions. Committed donors can facilitate and support the mainstreaming of cross-cutting issues.
- Donors and partners alike need to promote mutual, constructive critique (probably as part of mutual accountability arrangements) on how they integrate and promote cross-cutting issues.
- The Roundtable resulted in the following conclusions and forward-looking recommendations:
- With regard to DoL, emerging experience and good practice should be systematically reviewed and more widely shared. International good practice principles were seen as a useful instrument to further guide in-country DoL processes, the existing draft principles were recommended for consideration by the DAC Working Party on Aid Effectiveness. A concrete suggestion, also resonating well with the relevant section of the Accra Agenda for Action, was to further develop a methodology to measure progress and outcomes from in-country DoL processes.
- When it comes to more systematically merging cross-cutting issues and aid effectiveness principles the general feeling was that - despite convincing individual case examples - more analysis and collective learning are still needed. It was apparent that the level of knowledge and good practice guidance in this area is still in its infancy. One practical suggestion was to task the DAC to further pursue the necessary groundwork and the related dissemination and sharing of experience.

2.4 ROUNDTABLE 4. MANAGING FOR DEVELOPMENT RESULTS

Managing for development results (MfDR) is about public sector management, supporting political decision-making focused on desired results and based on evidence.

The Roundtable advanced the MfDR agenda and contributed to the aid and development effectiveness agenda as a whole. There is broad acceptance that MfDR has moved beyond an aid management instrument and is part of the core agenda for public sector reform to pursue in developing countries. It is a comprehensive way of thinking on how best to implement national strategies and to achieve internationally

agreed development goals. It is no longer a government-only exercise but a political change process involving the whole of society. Some important lessons can be drawn from this Roundtable.

First, development results – including the implementation of human rights, gender equality and environmental protection – require that MfDR country systems are in place to manage this political change process. Developing countries should build on their often under-recognized experience at home, on best practices in similarly-placed countries, and on outside resources. Experience shows that where tools are in place, for example statistical information systems and monitoring & evaluation platforms, donors are more likely to follow the country’s lead. But donors have to actively contribute to the process, in particular by accepting the emphasis on “contribution” rather than “attribution”.

Second, the change process requires political leadership. Performance measurement always includes the risk of uncovering underperformance and failure. Since MfDR implies risk-taking, it requires high-level political commitment over time to value results, to be held accountable by multiple stakeholders and to set the right incentives. “You can run, but you cannot hide” – this captures the overall sentiment from participants on the urgency of MfDR.

Finally, sustainable capacity is crucial. Champions and incentives are needed to develop these capacities – and to use them. Efforts should focus on strengthening the institutionalisation of MfDR at all levels: the enabling environment, the organisational arrangements and the individual skills. To establish a “results culture”, capacity development in MfDR not only applies to government but also to parliamentarians, civil society, the private sector and the media. In this context harmonisation of donor support and strengthening of south-south learning mechanisms stand out as important drivers.

There is overwhelming rationale for bringing the whole MfDR implementation to country level and strengthening south-south learning at country and regional levels. These peer-to-peer learning mechanisms have already proven to be excellent platforms for capacity development. Donor support is necessary to continue funding them, in particular donor support without too many strings attached that underpins ownership by partners. But these processes need time, and risks of “overloading” these mechanisms with tasks and expectations that are too high have to be avoided.

To complement the efforts at country and regional levels, there is a need to institutionalise the dialogue between donors and developing countries, both governments and other stakeholders, at the international level. A strong forum is necessary to serve as a political advocate for MfDR and as a platform for inter-regional exchange as well as to host the debate of donor-specific issues around MfDR.

2.5 ROUNDTABLE 5. MAKING MUTUAL ACCOUNTABILITY REAL

The Roundtable on mutual accountability generated a lively discussion reflecting a broad range of views, including from parliamentarians and civil society representatives. The main issues were set out in a keynote address by Mary Robinson which was followed by case studies from Tanzania, and from a joint initiative of the East Asian countries -- Vietnam, Cambodia and Laos. There was striking consistency among the keynote address, the case studies, and comments from the floor, including on the following points:

- Stronger mutual accountability is crucial to the behaviour change needed to achieve the other key objectives of the Paris Declaration and the Accra Action Agenda as well as the development results to which they contribute. Major determinants of its effectiveness are mutual trust and respect, shared objectives and values, and independent monitoring.

- Progress to date has been inadequate. This needs immediate attention, both to increase country coverage and to transform existing consultative mechanisms into true accountability mechanisms rather than to invent new ones.
- Both country level and international mutual accountability need strengthening, as do links between the two. Regional approaches can also play a constructive role.
- The highest priority is strengthening the role of partner countries. This applies at both the country and international levels, including in Consultative Groups and in the Working Party on Aid Effectiveness.
- Mutual accountability needs to respect and complement domestic accountability. The best mutual accountability mechanisms and development results come from those countries with the strongest domestic accountability mechanisms.
- Mutual accountability has a broader remit, including issues of gender, human rights, environment, and donor commitments on aid volumes.
- Independent review and evidence, most importantly by parliaments and civil society, can strengthen mutual accountability.
- Progress in mutual accountability has been weakest on strengthening the role of parliaments. This must be addressed.
- More support is also needed for the role of CSOs, including for their emerging efforts to increase their own accountability.
- Transparent information on aid, including for example on technical assistance, is vital, as is increased transparency of developing country budgets.
- Good practices worthy of further consideration include international monitoring groups, regional peer reviews, and independent international measures of donor performance. An international effort at documenting and disseminating good practice on mutual accountability would be helpful.

In closing, the co-chairs, reflecting the sense of the meeting, called for redoubled efforts to meet the target of 100% country coverage and to strengthen existing mechanisms in order to make mutual accountability real. This means carrying out the commitments of the Paris Declaration and the Accra Agenda for Action and, in implementation, going even further. They called particular attention to strengthening the roles of partner countries, including of parliaments and civil society, and using independent evidence at both the international and national levels. And they called for the DAC Working Party on Aid Effectiveness, with equally strong participation by partner countries, to be a champion in this collaborative effort.

2.6 ROUNDTABLE 6. THE ROLE OF CIVIL SOCIETY ORGANISATIONS IN ENHANCING AID EFFECTIVENESS

The aim of Roundtable 6 was to build upon the work of the Advisory Group on Civil Society and Aid Effectiveness (AG-CS). The AG-CS is a multi-stakeholder group reporting to the Working Party on Aid Effectiveness, which led an extensive consultation process, analytical work, and case study work in the 18 months preceding the Accra HLF-3.

The Roundtable had three objectives:

- to consolidate a shared understanding and recognition of the roles that CSOs can play in development, and in advancing the aid effectiveness agenda;
- to discuss actionable ideas on CSO effectiveness; and
- to develop a sense of momentum around a forward agenda for multi-stakeholder dialogue and action between now and the next HLF.

Significant progress in advancing the subject of civil society in the aid effectiveness agenda had already been achieved prior to Roundtable 6. This progress was reflected in several ways:

- in the endorsement by the Working Party on Aid Effectiveness of the AG-CS' Synthesis of Findings and Recommendations,
- in the importance accorded to CSOs in paragraph 20 and other parts of the draft AAA,
- in the relatively high level of CSO representation in HLF-3, and
- in the frequent acknowledgement of CSOs by other stakeholders in plenary sessions and other roundtables during the HLF.

A first point of consensus to emerge from the AG-CS process and Roundtable 6 itself was a clear recognition of the many roles of civil society, and of the importance and value of CSOs as development actors in their own right and as aid recipients, donors and partners. Stakeholders expressed an interest in collaborating more closely with each other and including CSO effectiveness as a topic worthy of serious attention.

Roundtable 6 and subsequent discussion among stakeholders highlighted the necessity to build on the momentum that has been generated by working towards implementation of the recommendations emerging from the AG-CS. This forward agenda will require an international effort involving donors, governments, and CSOs, and shared leadership for different aspects of this work. It includes four elements, the first three of which address CSO effectiveness:

- Working together to provide a more enabling environment for CSOs (e.g., promotion and protection of rights, legislation and taxation regulations, space for multi-stakeholder dialogue) and appropriate models of donor support (e.g., core support, long-term commitments, responsive funding), based on existing and evolving models of good practice.
- Work on how CSOs can develop more effective CSO partnerships, including north-south, south-south, global networks, and national umbrella organizations. While this will generally be the purview of CSOs themselves, there would be merit to further multi-stakeholder effort on this subject, as there are implications for donor and government policies and practice.
- Support for the CSO-led Open Forum for CSO Development Effectiveness. This independent process merits targeted donor and government support, and includes a multi-stakeholder component. Efforts will be required to ensure a linkage with HLF-4 in 2011.
- Preparing the ground for CSO engagement in HLF-4, ensuring that a multi-stakeholder perspective on CSO effectiveness is a major theme of HLF-4.

2.7 ROUNDTABLE 7. AID EFFECTIVENESS IN SITUATIONS OF FRAGILITY AND CONFLICT.

Roundtable 7 was organised to review progress in implementing the Paris Declaration within the particularly challenging contexts of situations of fragility and conflict. The meeting represented a step

change in the dialogue between donors and governments in developing countries and helped to significantly advance the aid effectiveness agenda. The discussions in Accra benefited from a preparatory meeting held in Kinshasa in July 2008 which resulted in the adoption of a *Kinshasa Statement* which sets out for the first time a consensus between donors and partner countries on priority actions in situations of conflict and fragility. The Roundtable took this one stage further to set out a series of jointly agreed next steps to deliver the AAA commitments relating to situations of fragility and conflict. The meeting agreed to prioritise the following actions:

- **Monitoring the Principles for Good International Engagement in Fragile States and Situations.** The AAA commits donors and partner countries to advance and monitor the implementation of the DAC Principles. Agreements at the Roundtable took the first steps to make this happen: monitoring will start with the DRC, Afghanistan, Timor Leste, Central African Republic and Sierra Leone. This agreement is important as it commits donors and partners, for the first time, to track progress on issues such as security and development, policy coherence between diplomatic, security and development actors and resource allocations to situations of fragility.
- **Addressing peace-building and state-building priorities.** While the MDGs are a central concern in fragile situations—where a third of the world’s poor live—in many cases the basic foundations for development are just not in place. In Accra it was agreed that in order to make progress—and to demonstrate progress—work is needed on the preconditions for achieving the MDGs by addressing state-building and peace-building needs.
 - a. The AAA sets out the need to define state-building and peace-building objectives, at country level and internationally. The Roundtable launched an international dialogue—led by the DRC and France—to make this a reality.
 - b. For donor countries, a set of common goals on state building will also be instrumental to ensure that different policy communities (diplomatic, security, development) within their governments jointly support peace-building and state-building. A senior officials’ meeting on whole-of-government approaches in situations of fragility and conflict will be hosted by Switzerland, 19-20 March 2009.
- **Improving the delivery of international assistance for the reduction of fragility and conflict.** The Roundtable discussed several key constraints that need to be overcome in order to improve the international response in situations of fragility and fragility, in particular during the period immediately following conflict. Engagement is often too slow and donors lack the capacity to respond rapidly. There is also little clarity on how to transition from humanitarian to development-related approaches.
 - c. The AAA commits donors to make funding modalities more flexible and rapid and conduct joint assessments of governance and fragility in situations of fragility and conflict.
 - d. The Roundtable supported the establishment of an ad hoc working group, composed of interested donors, partner countries, multilateral institutions and the OECD, that will consider how to improve funding policies, priorities and mechanisms to support more effective multilateral and bilateral support to countries recovering from conflict.

2.8 ROUNDTABLE 8. ENHANCING RESULTS BY APPLYING THE PARIS DECLARATION AT SECTOR LEVEL

The Roundtable 8 session on sectoral experiences¹⁰ was divided into two parts:

Part One: ‘Analysis of the most important factors necessary to successfully achieve results when applying the Paris Declaration at sector level’ included four thematic structured discussions, followed by open debates:

- Agreeing on priorities: placing poor people at the centre of sector plans and frameworks for results.
- National systems and sector programmes: mutual benefits and the importance of inter-institutional relationships. How to avoid SNAs (Sector Narrow Approaches)?
- Placing capacity at the core of sector development: how do we ensure an integrated and demand-driven approach to capacity development at sector level?
- Getting serious about using country systems and prioritising alignment over harmonisation: do we need a non-proliferation treaty on aid modalities?

Part Two: ‘Proposals and commitments for 2011 and beyond’ included three open debates on:

- Broadening ownership beyond sector ministries: are partner country actors prepared for an inclusive and transparent sector dialogue based on results?
- Moving the focus from conditionalities to mutual accountability for results.
- Matching sector reform with development partner reform: addressing incentive flaws and knowledge gaps.

The debate largely echoed the conclusions of the widely consulted Roundtable 8 Outcome Document final draft (as circulated prior to the Accra HLF-3), and important additional viewpoints and experiences were also related.

The Roundtable 8 process concluded that the following 10 points are fundamental to the enhancement of sector development effectiveness:

- Donors and their aid are not the centre of the development universe. Change from an aid delivery to a sector development perspective.
- The Paris Declaration principles apply equally to all sectors – but one size does not fit all.
- Move from focus on inputs and conditionality to mutual accountability for results.
- Be practical about planning. If consensus on a ‘perfect plan’ is proving elusive, be prepared to start implementing, measure results and improve plans through use.
- Place capacity and institutional development at the core of sector programmes and strategies. But avoid treating technical assistance as the single solution.
- Prioritise alignment over harmonisation (of procedures) between donors.

¹⁰ The Progress Report provided sectoral material on health, education, environment, agriculture, infrastructure and aid for trade.

- Don't turn SWaps into SNaps (Sector Narrow Approaches).
- Promote pragmatic mechanisms for democratic ownership and stakeholder involvement at sector level.
- Match sector reform with “development partner (donor) reform”. Focus on relevant knowledge and incentives for all actors.
- Address incentives and the political economy of sector development - don't shy away from the real problems.

2.9 **ROUNDTABLE 9. IMPLICATIONS OF THE CHANGING AID ARCHITECTURE.**

The Roundtable aimed to stimulate thinking on how to encourage good practice in delivering assistance effectively in the changing environment of an increase in the sources and channels of assistance. In line with the principle of ownership, the Roundtable put particular emphasis on how countries can manage all aid within a harmonized framework and procedures in order to attain maximum development results.

The Roundtable welcomed the growing diversity of providers of development assistance, including contributions from Foundations and civil society organizations. However, it noted that fragmentation of aid arising from multiple sources and channels of assistance was a problem that we had to deal with. The Roundtable focused on development assistance providers which are not members of the OECD-DAC and on Global Programme Funds. An overriding message was the need for all types of assistance to be aligned to country priorities and to use local coordinating mechanisms under partner country leadership.

Partner countries saw south-south and triangular cooperation, including at regional level, as highly complementary to traditional aid. They pointed out that the funding preferences of traditional donors had led to under-investment in infrastructure and the productive sectors, which non-traditional donors had helped to alleviate. Partner countries looked for very similar things from all assistance providers: responsiveness and speed (where non-traditional donors scored well), untying and transparency (where some but not all scored well), predictability, and more broadly respect for the principles of the Paris Declaration, though these had to be adapted to the local context. Countries wanted to see good local coordination of all assistance under their leadership. One basic pre-requisite was transparent information on **all** flows of assistance, from government and non-government sources.

Global programme funds also had many positive achievements. But particularly where such funds were large and had a tight focus there were some “side-effects” of earmarking. These needed to be addressed by a good balance between earmarked funds and funds that responded to local needs across the board, and by more integrated approaches, again in line with the Paris Declaration. The aim must be balanced funding within and across sectors and sustainable development at country level (though full sustainability would take an extended period in poorer countries). When new global concerns arose, such as climate change or the food and energy crises, there was a call to “think twice” before creating new global funds or separate aid channels, and to give priority to reforming existing institutions to take on new challenges. There was a danger that new global funds would simply re-route existing aid, rather than deliver real additionality.

The above messages are fully in line with paragraph 19 of the Accra Agenda for Action, and with the conclusions of the Issues Paper prepared for the Roundtable.

There is a clear need to continue an inclusive dialogue on aid and development effectiveness beyond Accra both internationally (where both the Development Cooperation Forum and the Working Party on

Aid Effectiveness provide valuable spaces) and, in particular, at the partner country level. There should also be a formalised relationship between the OECD-DAC and the Global Programmes Learning Group.

SIDE EVENTS AT THE FORUM

The main sessions of the Forum were supplemented by a rich menu of side events.

1. ***Climate Change Adaptation and Aid Effectiveness***, organized by the Swedish Commission on Climate Change and Development.
2. ***Role of Statistics in Aid Effectiveness***, organized by PARIS21.
3. ***Regional Centers for Evaluation Capacity Development***, organized by the Independent Evaluation Group at the World Bank.
4. ***Predictability of Aid: Challenges and Responses – Experience in the Health Sector***, organized by WHO with IMF, OECD, and IHP+.
5. ***Ownership, partnership and results – gender equality and women’s empowerment make the Accra Agenda for Action a reality***, organized by Government of Ghana, Government of Denmark, Gendernet, UNIFEM, OECD DAC Network on Gender Equality.
6. ***The Potential for Private Sector Contributions to Development***, organized by the Government of the USA.
7. ***Launch of the International Aid Transparency Initiative***, organized by DFID and Development Initiatives for Poverty Reduction.
8. ***Exploring the Bonn Consensus: Tough Questions on Capacity Development***, organized by LenCD and Partner Contact Group with UNDP/UNDG, WBI, GTZ, and JICA.
9. ***Moving Beyond Aid***, organized by Action Aid and Afrodad.
10. ***Effective development assistance for a changing world – country ownership, capacity development and development results***, organized by United Nations Development Group: UNDG.

BBC World Debate. The BBC hosted a debate on aid effectiveness entitled “Africa and its partners: what works?” A panel, chaired by Zeinab Badawi, featured Ngozi Okonjo-Iweala (Managing Director World Bank), Angel Gurría (Secretary General of the OECD), Kumi Naidoo (Honorary President, Civicus), Stefano Manservigi (Director-General for Development of the EC), Anthony Akoto Osei (Minister of State at Ghana’s Ministry of Finance and Economic Planning), and Oh Joon (South Korea’s Deputy Minister for Foreign Affairs and Trade) addressed the broad theme across three areas: trade, aid and investment.

3. MINISTERIAL DEBATE

*'There is political support for doing new things in new ways.'*¹¹

Many of the discussions in plenary focused on two linked themes: the consensus around the practicalities of implementing more effective aid; and the unfinished agenda of priority issues that need attention. Encouragingly, in view of the universal acceptance that accelerating progress towards aid effectiveness requires political leadership, there were high levels of active engagement in these discussions by heads of government, ministers and heads of agency.

3.1 FROM ASPIRATION TO ACTION: THE EMERGING CONSENSUS.

There was general agreement that reforming aid systems is urgent for two reasons: the global challenges are large, and aid can be much more effective in addressing them. Participants stressed the scale of the challenges (noted in section 1.3 above), the need to take internationally co-ordinated actions to address them, and the shared responsibility of those present at the Forum.

The extent to which situations of fragility and conflict raised some of the most difficult challenges was emphasised by many participants. Some encouragement was taken from the conclusion that even in these situations, the Paris Declaration principles were applicable, even though they needed to be modified to take account of country-specific circumstances.

Learning: clear understanding of what all parties need to do

Much of the discussion revolved around the practical ways in which the aid system could be made to work better. **What** needs to be done to make aid more effective is generally understood, not least because of what has been learned in applying the Paris Declaration principles over the past three years. Participants were encouraged by the fact that the Paris Declaration principles have been validated by experience, and provide clear ways forward to raise not just aid effectiveness but also development effectiveness.

This was reflected in all of the Roundtable discussions where there were high levels of agreement on core Paris Declaration issues, including, among many others: the broadening of the understanding of ownership, to include democratic ownership (notably through much greater involvement of parliaments), and the inclusion of groups beyond central governments and official donors, to include civil society, local governments and the private sector; greater emphasis on cross-cutting issues of human rights, the empowerment of women and environment; accelerating the use of country systems; the persisting problem of fragmentation of aid; the need for momentum, and in particular political momentum, behind the managing for development results agenda; and the need for more meaningful mutual accountability that supports domestic accountability. Moreover, the premise of the Paris Declaration that the principles are mutually interdependent has been shown to be correct, as is the recognition of the diversity of partner countries, ranging from middle-income to very fragile, meaning that one size does not fit all. Even so,

¹¹ Gunilla Carlsson, Swedish Minister for Development Cooperation, September 4.

despite the progress, few doubted that there was a long way to go, and that we could and should be doing better.

Since 2005 the political constraints to improving aid effectiveness have come to be more widely understood. It is recognised that accelerated implementation of the Paris Declaration must be seen as more than a technical challenge that need only concern small groups of aid officials. It requires strong political ownership in both partner and donor countries.

Aid effectiveness and aid volume are intimately linked

One powerful reason for raising aid effectiveness is that it strengthens the case for increasing the volume of aid, a point frequently made, including by the World Bank's Managing Director and former Minister of Finance of Nigeria, who noted that the quantity of aid available is likely to rise if we are credible on quality and effectiveness. While ODA has risen in recent years, this increase since 2005 has been only at about one-half the rate needed to meet the Gleneagles commitments of \$130bn per year by 2010; the shortfall is currently estimated at \$34bn¹². Several ministers from donor countries emphasised that aid effectiveness results are essential to sustain the necessary popular support in their home countries.

Aid systems are still flawed

Several participants, including the President of Liberia (who said we need to 'straighten the road from commitment to cash'), referred to the cumbersome, and even dysfunctional, nature of procedures required by some donors and the urgency of streamlining and simplifying. Others, including Ministers of Finance and the IMF, also emphasised the obstacles to improved macro-economic management that are created by the unpredictability of aid, but encouraging examples were also given at the Forum of more donors providing multi-year aid commitments.

Further, many comments were made, both in plenary and in Roundtables, primarily by developing country partners, to the effect that much more use should be made of country systems for a range of functions, including but not limited to procurement and public financial management. The reality or perception is that in many cases efforts made to strengthen these systems are not matched by donors' willingness to use them.

The continuing problems in putting aid on and through the recipients' budget were noted. Afghanistan was given as an example of a country in which some two-thirds of aid is not on the budget. And although donors have made substantial progress in fulfilling the 2005 commitments to untie aid, middle-income countries in particular referred to the need to extend the scope of these commitments, to cover a wider range of developing countries, as well as food aid and technical assistance.

Several developing country partners underlined the findings of the Progress Report that donors that had decentralised decision-making to their embassies and field offices appeared to have made more progress in fulfilling Paris Declaration commitments, in particular supporting country ownership.

Fragmentation and proliferation adding to transaction costs

Among other speakers, the President of Ghana, the President of the World Bank, the Minister of Finance of Timor Leste, and the European Union's Commissioner for Development and Humanitarian Aid

¹² In 2007 dollars. Estimated on the basis of the OECD's 2008 survey of donors' forward spending plans. See also www.oecd.org/dac/scalingup.

all commented on the ways in which a multiplicity of donors in individual countries and sectors raise the transaction costs for partners and hinder orderly planning and management.

In response to the fragmentation of aid, several initiatives were outlined. These include the UN's 'One UN,' the European Commission's recent Code of Conduct on the division of labour among its members, and the increasing use of multi-donor trust funds in fragile situations. Participants also reported on the usefulness of Communities of Practice among partner countries, for instance in Asia for Managing for Development Results.

Participants also cautioned on what not to do: there should be a general presumption against establishing new instruments that contribute further to the fragmentation of aid; rather the first option should be to use existing ones.

3.2 UNRESOLVED ISSUES AND FUTURE ACTIONS

While a general consensus has evolved about what needs to be done to improve aid effectiveness, the main difficulties lie in **how** to bring it about. In facing up to the implications of lessons learned, the central task is to change patterns of behaviour, some of which are deeply entrenched. As one participant said, 'Old habits die hard'; changing these will require political leadership from top levels.

Many speakers, including the President of Ghana, stressed the need to be ambitious, as the lives of millions of poor people will be directly and indirectly affected. Several participants said that at the next High-Level Forum in 2011 we do not want still to be in the position of reporting modest but inadequate progress. The journey to make aid more effective has not so far been easy, and will not be easy in the future, but progress has been made, and with ambition and determination can be greatly accelerated. Participants recognised that to bring about the necessary changes to donor and partner patterns of behaviour, underlying political and organisational incentives will have to shift.

Reflecting the determination to follow up the Forum with action, a wide range of measures were identified that are either under way, or need to be started. These related to all the Paris Declaration principles, but particular attention is needed to those principles where implementation has been slow, as for instance with the newer ones of mutual accountability and managing for development results. Many of the specific actions were identified during Roundtable discussions.

Capacity Development

The issue of capacity development recurred frequently in plenary and in all the Roundtables as a priority, not just within partner governments, but more widely for civil society and private sector, and also donor agencies. One Minister defined a core task as being to 'build states capable of delivering on their responsibilities.' The functions to be strengthened were not limited to technical tasks, but extended also to the exercise of leadership and to democratic accountability, including in parliaments.

South-South and trilateral cooperation

Many participants, notably from middle-income countries, were vocal in both plenary and in Roundtables (notably those covering ownership, development results and civil society) that the Paris Declaration did not sufficiently stress the case for more South-South and trilateral cooperation, and several initiatives were outlined (for instance in Colombia which has developed a quality certification system, and from the Asian Development Bank and the World Bank). The AAA was strengthened in this respect.

Local and regional perspectives on the Paris Declaration

The Forum and its preceding consultations revealed the real value of ‘localising’ the Paris Declaration, that is developing local versions to reflect local conditions, as shown in several partner countries, such as Vietnam and Yemen. As a result of points made in plenary and the Roundtables, participants accepted that regional and sub-regional organisations could play a greater role in promoting aid effectiveness. This too came to be reflected in the revised AAA.

Information for transparency, lesson-learning, knowledge-sharing and dialogue

Improving the flows and use of information recurred frequently in plenary and the Roundtables (notably those on ownership, harmonisation, managing for development results, mutual accountability, civil society, and aid architecture). Several initiatives were suggested for improving the transparency of aid (both to facilitate aid management by governments and to enable civil society to monitor it) and to develop and exchange lessons on best practice, including from donors (such as Canada) announcing a more systematic use of medium-term rolling commitments and the new International Aid Transparency Initiative.

Integrating global programmes into more effective aid processes

It was recognised that global programmes bring valuable resources and diversity to the provision of global public goods. But, as was noted by one major foundation present, if fragmentation is to be minimised and support country systems supported, good practice means routinely encouraging grantees to be good partners within the wider aid architecture.

The use of ODA to catalyse private capital to reduce poverty

There was wide acceptance that in the future aid must increasingly be seen in a catalytic role, used so as to leverage processes of wider institutional change within partner countries. This appeared to be most pressing in the area of helping to mobilise both local and private capital into poverty-reducing growth and development.

3.3. THE AAA: A SPRINGBOARD FOR ACTION

Ministers of developing and donor countries endorsed the Accra Agenda for Action on September 4¹³. It is widely seen as a landmark, for what it contains, for the consultative process by which it was developed, and for the high-level political involvement that should provide momentum to ensure that commitments are fulfilled by 2010. The AAA urges those parties willing and able to go further than the stated commitments to do so.

The AAA identifies three major challenges to accelerate aid effectiveness:

- **Strengthening country ownership** through: broadening country-level policy dialogue on development; developing countries strengthening their capacity to lead and manage development; and strengthening and using developing country systems to the maximum extent possible.
- **Building more effective and inclusive partnerships** through: reducing costly fragmentation of aid; increasing aid’s value for money; welcoming and working with all development partners;

¹³ The text of the AAA is available at: <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>

deepening engagement with civil society organisations; and adapting aid policies for countries in fragile situations.

- **Achieving development results and openly accounting for them** through: focussing on delivering results; being more accountable and transparent to our publics for results; continuing to change the nature of conditionality to support ownership; and increasing the medium-term predictability of aid.
- While the AAA continues work under way since 2005, it includes **new areas of emphasis**, among them:
- Donors aiming to channel 50% of government-to-government aid through partner country systems; and using country systems to deliver aid as the first option, in preference to donor systems.
- In relation to conditionality, donors switching from reliance on prescriptive conditions to a limited set of harmonised and transparent conditions; to support ownership and a focus on results, these will be based on the partner country's development objectives.
- Agreement to complete the ongoing work on good practice principles on division of labour, and to report publicly and transparently in 2009, and a commitment to address the aid-orphan issue through an international dialogue on aid allocations.
- Provision by donors of three-to-five-year forward information on their planned aid to partner countries.
- The use of independent evidence to complement country-level efforts on mutual accountability.
- Strengthening international accountability mechanisms, including peer reviews, and to complete this by 2009.
- Recognition of the increasing importance of South-South cooperation.

In conclusion, and looking to the future, the Chair of the Working Party on Aid Effectiveness summed up the AAA as follows¹⁴:

“This AAA provides a sense of urgency and has strong commitments on all sides. It recognizes new actors in the development arena and notes the growing importance of South-South cooperation. It recognizes CSOs as development actors in their own right and welcomes their own efforts to improve their aid effectiveness.

We are talking about ownership, capacity development and increased use of country systems. We are talking about measures to increase accountability and transparency. We will change the nature of conditionality and increase medium-term predictability. We are recognizing new development actors, the role of middle-income countries and the importance of using experience from developing countries and South-South cooperation. We also recognize the role played by CSOs in development as well as the need to adapt aid policies and the Paris Declaration to countries in fragile situations. We look forward in the document and note that the aid effectiveness agenda is part of the broader financing for development agenda and that there are links both to the MDG High Level event in September and to Doha in November.

This document gives us a very good basis for continued work ahead towards 2010. It will need strong political support and dedicated efforts of all actors to translate this Agenda into meaningful actions both in donor countries and in partner countries.”

¹⁴ Jan Cedergren, September 3rd, 2008.

ANNEX 1 : PROGRAMME OF EVENTS AT ACCRA

| TIME | SESSION | MARKETPLACE |
|---------------------------------------|---|--|
| TUESDAY • SEPTEMBER 2 • 2008 | | |
| 8:00–9:00am | Registration and Morning Cocoa | Posters on Display |
| 9:00–10:15am | Welcome Setting the Context: Progress since Paris, and Meeting Aid and Development Effectiveness Challenges beyond Accra | |
| 10:00–10:30am | Formal Launch of the Marketplace of Ideas | Posters on Display Speaker's Corner Open |
| 10:30–11:00am | Cocoa Break | |
| 11:00–1:00pm | Panel Discussion and Debate: Aid Effectiveness and Development Results: What Needs to Change and How can the International Aid System Deliver? | |
| 1:00–2:30pm 1:15–2:15pm | Lunch <i>Side Event 1: Climate Change Adaptation and Aid Effectiveness</i> <i>Side Event 2: Role of Statistics in Aid Effectiveness</i> <i>Side Event 3: Regional Centers for Evaluation Capacity Development</i> | |
| 2:30–6:00pm | Roundtable 1: Country Ownership—Whose Ownership? Whose Leadership? Roundtable 3: Harmonization-Optimizing Aid Delivery, Complementarity, Division of Labor Roundtable 4: Managing for Development Results | |
| 6:15–7:15pm | <i>Side Event 4: Predictability of Aid: Challenges and Responses—Experience in the Health Sector</i> <i>Side Event 5: Ownership, Partnership, Results—Gender Equality and Women's Empowerment Make the AAA a Reality</i> | |
| 7:00pm | Cocktail Reception | |
| WEDNESDAY • SEPTEMBER 3 • 2008 | | |
| 8:00–9:00am | Morning Cocoa | Posters on Display Speaker's Corner Open |
| 9:00–12:30pm | Roundtable 2: Alignment—Challenges and Ways Forward Roundtable 5: Making Mutual Accountability Real Roundtable 8: Enhancing Results by Applying the Paris Declaration at Sector Level | |
| 12:30–1:30pm | Lunch | |
| 1:30–5:00pm | Roundtable 6: The Role of Civil Society in Enhancing Aid Effectiveness Roundtable 7: Aid Effectiveness in Situations of Fragility and Conflict Roundtable 9: The Changing Aid Architecture—Implications on Aid Effectiveness | |
| 5:00–6:30pm | Explore the Marketplace of Ideas and Vote for Awards | |
| 5:15–6:15pm 5:45–7:00pm | <i>Side Event 6: The Potential for Private Sector Contributions to Development</i> <i>BBC World Debate</i> | |
| 7:00pm | <i>Session 1 of the Ministerial Segment</i> Dinner for Ministers and Heads of Delegation | Cocktail Reception for Other Participants |
| THURSDAY • SEPTEMBER 4 • 2008 | | |
| 8:45–9:45am | Morning Cocoa | Posters on Display |
| 9:45–10:30am | <i>Session 2</i> Opening of the Ministerial Day of the High Level Forum | |
| 10:40–12:45pm | <i>Session 3</i> New Development Challenges and New Development Partnerships—the Relevance and Urgency of Aid Reform | Speaker's Corner Open |
| 12:45–2:15pm | Lunch | Posters on Display |
| 12:45–2:15pm | <i>Session 4</i> Working Lunch for Ministers and Heads of Delegation | |
| 1:00–2:00pm | <i>Side Event 7: Launch of the International Aid Transparency Initiative</i> <i>Side Event 8: Exploring the Bonn Consensus: Tough Questions on Capacity Development</i> <i>Side Event 9: Moving Beyond Aid</i> <i>Side Event 10: United Nations Development Group: Effective Development Assistance for a Changing World—Country Ownership, Capacity Development and Development Results</i> | |
| 2:15–4:30pm | <i>Session 5</i> The Unfinished Aid Effectiveness Agenda | Poster Award Voting Closes |
| 4:30–4:45pm | Presentation of Marketplace Awards (Plenary Session) | |
| 4:45–5:45pm | <i>Session 6</i> From Paris to Accra to Doha | Posters on Display |
| 5:45–6:00pm | <i>Session 7</i> Conclusion of the Forum | |
| 6:15pm | Press Conference | |

ANNEX 2 :

ROUNDTABLE SUMMARIES

ROUNDTABLE 1 : WHOSE OWNERSHIP? WHOSE LEADERSHIP?

Summary

Ownership is a make-or-break principle of effective aid. Inextricable links exist between putting ownership into practice and implementing the other principles of the Paris Declaration on Aid Effectiveness. The Declaration defines ownership as developing countries exercising “effective leadership over their development policies, and strategies”. Donors commit to respect partner-country leadership and help strengthen their capacity to exercise it. In order to monitor progress on ownership, the signatories agreed on one indicator, calling for at least 75 per cent of aid-recipient countries to have “operational development strategies by 2010”. Three years on, there is general agreement that these commitments and the target still hold as important components of ownership. According to the Evaluation Report of the Paris Declaration, some progress is being made. However, the Report also finds that many countries are encountering obstacles in translating national strategies into sector strategies and operational and decentralized programmes.

The following issues were on the agenda for Roundtable 1:

1. The definition of ownership in the Paris Declaration is narrowly focused on central government: what would a broader definition of ownership look like at country level and what could partner country governments do to broaden ownership of development policies?
2. Donor agencies still have a long way to go in supporting partner-country leadership in the design of policies. How do they need to rethink – together with their partners – development co-operation?
3. Currently, progress in implementing ownership is measured through evaluations of the quality of Poverty Reduction Strategy Papers. Which actors and which existing monitoring mechanisms could help feed a more diverse and legitimate monitoring system for ownership?

There is now consensus about the need for a broad-based understanding of ownership, as captured in paragraph 13 of the Accra Agenda for Action, which explicitly commits governments to engaging with parliaments, local authorities and civil society as important actors and legitimate stakeholders in development. And Capacity Development – along the lines of the Bonn Consensus – figures prominently in the Accra Agenda for Action, which postulates a capacity development that is demand-driven and designed to support country ownership (Para 14).

The Roundtable reaffirmed the consensus achieved on broad-based ownership, highlighted the importance of endogenous capacity development for all development actors and emphasised the potential lying in South-South and Trilateral Cooperation.

Topics and issues that would call for further exploration and work are:

- The need for a more broad-based understanding of country ownership. How can stakeholders promote broad-based ownership in practice?
- The need for a new approach to capacity development for ownership: donor and partner practice must evolve in terms of how programmes and initiatives are designed.

- South-South Cooperation and trilateral cooperation have untapped potential to promote capacity development: there is a need to identify good practices, principles and criteria.
- The links between conditionality and ownership remain controversial and require further work and analysis.
- The need to revisit the indicator for country ownership or to complement it.

Both Co-Chairs are of the opinion that the Working Party on Aid Effectiveness ought to ensure that such work is undertaken. Both Co-Chairs declared their readiness in principle to contribute to such an initiative, in whatever appropriate manner.

ROUNDTABLE 1 : SYNTHESIS REPORT

1. Background

Ownership is a make-or-break principle of effective aid: experience has shown that without ownership, aid cannot be effective in reducing poverty and promoting sustainable economic development. Inextricable links exist between putting ownership into practice and implementing the other principles of the Paris Declaration on Aid Effectiveness.

The Paris Declaration defines ownership as developing countries exercising “effective leadership over their development policies, and strategies”. Developing-country signatories commit to translate these strategies into prioritised, results-oriented operational programmes, expressed in medium-term expenditure frameworks and annual budgets. Donors commit to respect partner-country leadership and help strengthen their capacity to exercise it. In order to monitor progress on ownership, the signatories of the Declaration agreed on one indicator, calling for at least 75 per cent of aid-recipient countries to have “operational development strategies by 2010”.

Three years on, there is general agreement that these commitments and the target still hold as important components of ownership. According to the Evaluation Report of the Paris Declaration, some progress is being made, with several partner countries improving their leadership in coordinating development cooperation. However, the Report also finds that many countries are encountering obstacles in translating national strategies into sector strategies and operational and decentralized programmes.

PRSPs are praised for having helped focus policies on the achievement of the Millennium Development Goals. And the fact that governments hold the pen signifies a major shift from past donor-dominated aid relationships. However, the decision to use PRSPs as a proxy in measuring ownership has been questioned.

There are two major lines of criticism. The first questions whether a document drafted with donor participation – and subsequently assessed by donors for its quality – can truly be “owned” by its drafters. The second line of criticism asks whether any document, regardless of who drafts it, can adequately capture the development priorities of a country. Aid, it is increasingly argued, is more effective when a broader constituency of stakeholders is consulted and engaged in the definition of national development priorities, and is empowered to monitor their implementation.

The following issues were on the agenda for Roundtable 1:

1. The definition of ownership in the Paris Declaration is narrowly focused on central government: what would a broader definition of ownership look like at country level and what could partner country governments do to broaden ownership of development policies?
2. Donor agencies still have a long way to go in supporting partner-country leadership in the design of policies. How do they need to rethink – together with their partners – development co-operation in the particular areas of capacity development and conditionality?

3. Currently, progress in implementing ownership is measured through evaluations of the quality of Poverty Reduction Strategy Papers. Which actors and which existing monitoring mechanisms could help feed a more diverse and legitimate monitoring system for ownership?

Since the principles behind these issues had been captured to a large extent by the Accra Agenda for Action, and were thus subject to a high degree of international consensus, the Roundtable focused on the question of how to approach these issues.

This is what the final AAA, approved by consensus on the 4th of September, states about Country Ownership:

We will broaden country-level policy dialogue on development

13. We will engage in open and inclusive dialogue on development policies. We acknowledge the critical role and responsibility of parliaments in ensuring country ownership of development processes. To further this objective we will take the following actions:

a) Developing country governments will work more closely with parliaments and local authorities in preparing, implementing and monitoring national development policies and plans. They will also engage with civil society organisations (CSOs).

b) Donors will support efforts to increase the capacity of all development actors—parliaments, central and local governments, CSOs, research institutes, media and the private sector—to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives.

c) Developing countries and donors will ensure that their respective development policies and programmes are designed and implemented in ways consistent with their agreed international commitments on gender equality, human rights, disability and environmental sustainability.

Developing countries will strengthen their capacity to lead and manage development

14. Without robust capacity—strong institutions, systems, and local expertise—developing countries cannot fully own and manage their development processes. We agreed in the Paris Declaration that capacity development is the responsibility of developing countries, with donors playing a supportive role, and that technical co-operation is one means among others to develop capacity. Together, developing countries and donors will take the following actions to strengthen capacity development:

a) Developing countries will systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels—national, sub-national, sectoral, and thematic—and design strategies to address them. Donors will strengthen their own capacity and skills to be more responsive to developing countries' needs.

b) Donors' support for capacity development will be demand-driven and designed to support country ownership. To this end, developing countries and donors will i) jointly select and manage technical co-operation, and ii) promote the provision of technical co-operation by local and regional resources, including through South-South co-operation.

c) Developing countries and donors will work together at all levels to promote operational changes that make capacity development support more effective.

The Roundtable was the culmination of a thorough preparation process:

- Country Ownership was addressed in all regional preparatory consultations. One full day was devoted to the topic ahead of the Latin American and Caribbean Consultation Workshop in Santa Marta, Colombia (June 2008).
- The Bonn Workshop on "Capacity Development: Accra and Beyond" (14-15 May 2008) produced important work on the links between capacity development and country ownership.
- The OECD Development Centre produced extensive work on "ownership" through its Global Forum on Development (www.oecd.org/development/globalforum) and its publication on "Financing Development 2008: Whose Ownership", released on 20 May 2008.
- A web-based discussion (www.whoseownership.org) was launched and maintained until end of September 2008, on which all interested individuals and organisations could bring their experiences, analyses and opinions forward.
- An Issues Paper was prepared in July 2008, which was made available to the participants at the HLF-3 in Accra (<http://www.oecd.org/dataoecd/24/52/41287242.pdf>).
- The Roundtable was supported by UNDP, the Netherlands, Japan and Denmark.
- Other contributors included: the Advisory Group on Civil Society and Aid Effectiveness; the Institute for Democracy and Electoral Assistance, the European Centre for Development Policy Management, the International Labour Organisation, the Association of European Parliamentarians for Africa, the Netherlands Institute for Multiparty Democracy, Alliance2015, GOVNET, Transparency International and FRIDE (Fundación para las Relaciones Internacionales y el Diálogo Exterior).

2. How the Roundtable was carried out

The Co-chairs were **Luis Alfonso Hoyos Aristizabal**, High Presidential Counsellor for Social Action and International Cooperation, Colombia, and **Edita Vokral**, Assistant Director General, Federal Department of Foreign Affairs, Swiss Agency for Development and Cooperation, Switzerland.

The Roundtable was divided in two parts: Part 1 focused on increasing clarity on country ownership and on leadership, and identifying significant remaining issues. Part 2 focused on exploring measures that could make the commitment to country ownership a reality.

The co-chairs set the context for RT1, summarised key points of agreement, emerging possibilities and remaining differences at key moments during the RT. They closed the RT with a summary of key points, focusing on the recommendations for moving forward.

Suzanne Taschereau, a professional facilitator, supported the process: she interviewed the panellists, facilitated dialogue during the RT, and generally ensured that the RT stayed on track and achieved intended outcomes.

Six panellists, from different regions and bringing in diverse perspectives, participated in a facilitated exchange in part I of the RT. They presented their point of view, in order to stimulate discussion and exploration of possibilities for moving forward in a constructive way.

- **Amar Bhattacharya**, Director, G-24 Secretariat, who reminded participants that country ownership is fundamentally about accountability to the citizens, and that ownership is context-specific, building on the history of people and citizens.
- **Josefa (Gigi) Francisco**, CSO International Steering Group; Executive Director, Women and Gender Institute, Miriam College and South East Asian Coordinator, DAWN (Development Alternatives with Women for a New Era), Philippines. Ms Francisco called for governments to foster an enabling environment for social and political dialogue.
- **Maureen Harrington**, Vice-President for Policy and International Relations, Millennium Challenge Corporation, who argued that donors can promote democratic ownership through broad consultative processes that open up to all stakeholders.
- **Naomi Ngwira**, Government of Malawi, Director for Monitoring and Evaluation in the Ministry of Economic Planning and Development, who pointed out that the controversy about conditionalities concerns not only their effectiveness, but also their inconsistent application by different donors. Moreover, she drew attention to the fact that donors and recipients of aid had been socialised in their roles, and that it was important to examine attitudes and underlying decision-making power.
- **Ms Albana Vokshi**, Albania, Director, Department of Strategy and Donor Coordination, Prime Minister's Office. Ms Vokshi stated that ownership required the integration of instruments, e.g. the budget with a national development strategy.
- **Sra. Libertad América Bastidas Castañeda**, Dominican Republic, Undersecretary of State for International Cooperation, who focused on the role of government as “the manager of development”.

Participants enriched the discussions based on practical experience, fresh ideas, and their own interest in engaging in a forward looking agenda. Particular attention was given to stimulate engagement of audience participants from Southern governments, CSOs and donors, and to hear voices from diverse perspectives and regions of the world. Here are some of the points that were made, which are further developed later in the report:

- The importance of answering the question as to “whose ownership?” and “ownership of what?”. Democratic participation can not be extended to all aspects of the public sphere, because some are technical in nature and call for technical responses by specialists.
- The need for the creation of space for debate.
- The importance of democratic validation by Parliaments.
- The realities of aid and donor behaviour that can hamper actual broad-based ownership (tying and earmarking; open and hidden interests, technocratic ways of managing aid).
- Sovereignty is a precondition to capacity and country ownership.
- The need to strengthen sub-national and CSO capacities.

3. Outputs for each of the main areas of focus

Drawing on the co-chairs' summaries of Roundtable discussions, messages on the following issues can be identified as major outputs of the Roundtable's discussions and preparations:

a) *The need for a more broad-based understanding of country ownership*

Whilst the Paris Declaration's interpretation of ownership is technical and concerns principally central government administrations, there is now consensus about the need for a broad-based understanding of ownership. This consensus is already captured in paragraph 13 of the Accra Agenda for Action, which explicitly commits governments to engaging with parliaments, local authorities and civil society as important actors and legitimate stakeholders in development.

Such broader ownership implies that ownership must be seen as a *process*, not a series of technical documents and decisions. Aid is more effective when a broader constituency of stakeholders is consulted and engaged in the definition of national development priorities, and is empowered to monitor their implementation. For a start, such a process involves not just the Ministry of Finance, but also line and sector ministries, and local governments. Parliaments and other national institutions such as audit agencies are further pillars of broader ownership. More recently, calls have been made to reinforce the role of political parties and traditional authorities.

Besides governmental or national institutions, non-governmental organisations help ensure the crucial connection with the ultimate beneficiaries of aid, as has also been discussed at length in the process around Roundtable 6. The media have a role in catalysing policy debates, providing citizen information about policies for poverty reduction and furnishing a space for the beneficiaries of public services to question their quality and propose changes. Think tanks have the potential to contribute viable alternative recommendations to the policy debate, given their familiarity with local economies, and employers' and workers' organisations help assure the important link between employment and sustainable development. There are, of course, many other civil society organisations that must be considered in diverse contexts, for example grassroots organisations, religious organisations and women's organisations.

For partner country governments, broadening ownership of policies and programmes could be a pragmatic way to strengthen their negotiating position vis-à-vis donors. The broader a country's support for a particular policy, the less inclined donors will be to attempt to impose their own ideas on policies and processes.

However, many of these stakeholders are not sufficiently engaged in development policy discussions around, for example, the preparation, implementation and monitoring of Poverty Reduction Strategy Papers. There are several reasons for this. Often, time-frames are short and do not allow for elaborate consultation processes. Also, many actors outside central government lack the human and financial resources, as well as the necessary knowledge and capacity to participate more fully in technical policy debates and contribute to national development efforts.

Alongside capacity gaps, many actors outside government still face extremely hostile environments, with human rights under threat. Many countries do not protect sufficiently the right to assemble and the freedom of information, both of which are crucial to ensuring broad-based ownership. Governments seeking to broaden ownership thus need to pledge concrete legislative steps to improve the ability of parliaments, the media and others outside government to monitor public expenditure, including aid. Such legislative steps could include giving parliaments a constitutional role in the oversight of development resources and reinforcing national institutions such as auditors and anti-corruption commissions. Earmarked proportions of national budgets, or indeed of aid budgets, could support the capacity of these

institutions. To promote a greater role for parliamentarians in monitoring the quality of aid, the Inter-Parliamentary Union adopted a Resolution on Parliamentary Oversight of State Policies on Foreign Aid in April of 2008.

Governments could also foster public debate by establishing independent broadcasting authorities and repealing laws that discourage or even censure investigative journalism. They could also include measures to improve transparency and timely public access to official documents, including documents related to aid management. Some participants in the Roundtable called for greater emphasis on the use and distribution of modern systems for information and communication.

Whilst there is a broad consensus about the importance of civil society engagement in the policy process, there remain diverging opinions about the precise role civil society ought to play. On the one end of the spectrum, there are calls for open access for all to government decision-making processes. On the other, there are those who argue that the main role of CSOs ought to be supporting the implementation of nationally-determined development strategies. Democratically elected governments can make strong claims that the process through which they consult with citizens on policies is country- and culture-specific. Moreover, sceptics of CSO – and even parliamentary – engagement claim that these actors often do not play the role they claim to in developing countries, and have in fact non-developmental interests at stake.

In conjunction with this debate, some interventions at the Roundtable reminded participants that all actors outside government can not – and ought not – be brought into decision-making processes at all times. Political decisions required broad democratic engagement, but not all technical decisions require support from all potential groups of actor.

b) The need for a new approach to capacity development for ownership

Capacity Development – along the lines of the Bonn Consensus – figures prominently in the Accra Agenda for Action, which postulates a capacity development that is demand-driven and designed to support country ownership (Para 14). Indeed, capacity development is the flipside of ownership: they are mutually reinforcing. This implies that capacity development should no longer be regarded solely as the provision of inputs, for example through technical assistance or once-off transfers of technology.

The Bonn Consensus calls for greater attention to local procurement and expertise, and calls at the Roundtable were made for greater emphasis on the production of endogenous knowledge for home-grown policies. Using local expertise requires donors with technical support programmes to pay attention to what already exists at country level, be this centres for adaptation to climate change or local think tanks for endogenous economic analysis, which could help governments critically evaluate the policy proposals resulting from negotiations with donors.

Moreover, the establishment of quality management systems in developing countries can provide an effective frame for capacity development.

Capacity shortages are particularly acute among actors outside central government. Local governments, especially in countries marked by a strong inequality in income distribution, require greater support. Civil society actors often lack the capacity to monitor government performance and make constructive contributions to the policy debate.

In this context, participants in Accra called for the development of “interface capacity”, promoting the capacity of governments and other actors alike to engage with each other in political and technical discussions. Alongside crucial capacity development initiatives in public financial management, procurement, statistics, environmental analysis and aid management, governments thus also need support

in managing – and leading – consultative processes. Donors themselves must ensure that they possess and further develop the capacities and competencies necessary to adequately respond to these needs.

c) *South-South Cooperation and trilateral cooperation have untapped potential to promote capacity development*

It is in the context of capacity development that the issue of South-South Cooperation (SSC) was discussed at greatest length. Partner countries have cited a number of advantages of such cooperation. So-called “emerging” donors often have experience as former recipients of aid, allowing them to share know-how on how development success was achieved in their own countries. They often have greater knowledge of partner countries based on regional and cultural ties and can thus adapt their aid better to local contexts. In addition, aid from non-traditional donors has been praised for its flexibility and speed, for example in scaling-up financing for infrastructure in African countries.

However, there remains considerable scope for SSC to improve. SSC is often tied to the use of the donors’ experts, running counter to the Paris Declarations’ call for aid to be untied. Also, SSC aid agreements are often implemented outside existing aid management systems, which makes it difficult to assess the impact of their activities and risks undermining progress in donor harmonization. Accra has clearly supported the call for greater discussion about SSC and about further investigations into the value of triangular – or trilateral – cooperation, through which traditional and emerging donors collaborate jointly under the lead of partner countries. The impact and effectiveness criteria of South-South Cooperation could be explored further through regional platforms and regional organizations, and would benefit greatly from the active participation of middle-income countries.

d) *The links between conditionality and ownership remain controversial and require further work*

Roundtable discussions highlighted the need for further work on conditionality, with mixed opinions among participants on their effectiveness for development. Agreement is widespread that past attempts to impose policies from the outside have not proven effective. However, some decision makers, including in developing countries, believe that policy conditions can help governments reinforce urgent reforms. Civil society vehemently disagrees with this approach, arguing that conditions become scapegoats for governments seeking to avoid national debate about unpopular policy measures. In doing so, conditions undermine ownership, shifting governmental accountability towards donors rather than citizens.

Many donors are now expecting partner country leadership and are responding to it with, for example, high-level political statements, and training and guidelines for staff. Agencies that are strongly decentralised to the field level have had the strongest success in promoting ownership. However, donors also still appear constrained in acknowledging leadership in policy determination by their own political and administrative systems.

There is agreement that donors need to be able to insist on transparency and good fiduciary practices to guard against the embezzlement of aid monies. Similarly, they can expect aid recipient countries to adhere to international human rights standards. National development strategies that do not adhere to internationally shared standards and objectives will not provide for a sustainable partnership between partner countries and donors. Finally, donors are entitled to a degree of quality assurance: without development results to show for their aid, OECD-based taxpayers will withdraw their support for aid programmes.

Some donors – including the United States through their Millennium Challenge Account – have begun linking aid disbursements to the achievement of agreed results, leaving the choice of policies with recipient countries. Yet performance-based approaches do carry risks. External shocks could put

performance beyond the control of developing-country officials, and strict performance conditions could thus prove harsh and inflexible. Results-based conditions may also stifle innovation by discouraging policy makers from experimenting with unproven, more risky approaches, preferring to follow donor prescriptions for want of alternatives. But these risks could be factored into aid contracts with safeguard clauses. Further work is also warranted on developing methodologies and medium-term frameworks to measure the outcomes through which performance could be measured.

The Accra Agenda for Action takes on board the concerns with conditionality, with agreement that better practice in determining aid conditions is required. It also acknowledges the need for specific responses to different country contexts.

The World Bank's conditionality principles, adopted in 2005 and widely recognised as good practice, are more strongly worded. Inter alia, they call for conditions to reinforce country ownership, be harmonised, be agreed with governments up front in a coordinated framework, be transparent, and be limited to actions that are critical for achieving results. Evaluations are mixed on how well the principles on conditionality are being applied. The World Bank, according to its own review, is progressing well. According to the Strategic Partnership for Africa, other donors, while appearing to reduce the number of conditions attached to their aid, have increasingly resorted to underlying conditions in their budget support programmes. Thus, conditions might not be listed as specific disbursement triggers in aid agreements, but aid recipient countries are expected to adopt certain policies before any agreement is signed.

The principles are closely related with the call for greater predictability of aid pledges and disbursements, also stated in the Accra Agenda. Whilst predictability of aid has been progressing, with an increasing number of donors operating on multi-annual programming frameworks, many are still not sharing information sufficiently, particularly in the area of budget support. Participants in Accra – beyond Roundtable 1 – agreed that greater predictability in aid would reinforce ownership by allowing administrations greater room to plan the allocation of their resources.

e) *The need to revisit the indicator for country ownership*

The Accra Agenda for Action (Para 30) generally acknowledges the need for additional work on improving the indicators on aid effectiveness.

In the particular case of ownership, the indicator has been greatly questioned throughout preparations for the Roundtable. As a reminder: ownership is measured by the World Bank as part of its review of Poverty Reduction Strategy Papers (PRSPs). PRSPs are praised for having helped focus policies on the achievement of the Millennium Development Goals and, in 2005, may have been the most appropriate proxy for country ownership, given the Declaration's focus on government.

However, the calls for broader ownership and engagement of actors outside the central executive, highlight the difficulties of this being the sole indicator. There is considerable scope not for establishing new, duplicative monitoring mechanisms, but for drawing on the results of existing ones. Nationally-generated governance assessments and peer-review mechanisms, such as the African Peer Review Mechanism, could be used to assess broad-based ownership. In the context of discussions on mutual accountability, much attention is also being given to partner country assessments of donors' behaviour.

In assessing ownership, one could also assemble indicators on the quality of capacity development, and the degrees of fragmentation and predictability, all of which directly impact on ownership. Governance indicators, many of which are highly controversial, also require further discussion, as they may be useful in determining the quality of participatory approaches required for broader ownership. Progress on participatory approaches at the international level could be monitored by a group assembled according to

the model set by the Advisory Group on Civil Society and Aid Effectiveness, a mix of officials and civil society stakeholders from both donor and developing countries, established for the preparation of the Accra HLF.

There is also much to be said for locally specific monitoring and accountability mechanisms. In a number of countries, donors and recipients have agreed on independent monitoring groups to encourage two-way dialogue. Country-level initiatives are complemented at an international level by the High-Level Dialogue for assessing Financing for Development, the Africa Partnership Forum, the Global Monitoring Report and the Paris Declaration Monitoring Survey.

5. Conclusions

The Co-Chairs are of the opinion that Roundtable 1 – including the preparation process it implied – was instrumental in establishing a broad consensus on the need for the promotion of a broad based and inclusive approach to country ownership, as one major precondition to aid and development effectiveness. Roundtable 1 could also demonstrate the immediate and necessary link between capacity and ownership, encompassing all stakeholders in a development context. It explored some of the potentials and risks inherent to South-South and Trilateral Cooperation.

Roundtable 1 moreover provided space for debate on critical issues, like conditionalities and donors' behaviour, democratic ownership and civic rights, the use of country systems and predictability. The Co-Chairs were impressed by the strong general commitment of all attendants to aid and development effectiveness, which constituted an ideal basis for a substantive conversation.

The following 4 key messages were delivered at the HLF-3 Ministerial Meeting on the 4th of September, 2008:

1. Capacity and ownership go hand in hand. Capacity development primarily is a development country responsibility, as stated in the Bonn Consensus. We need to make more, and more consistent efforts to promote endogenous knowledge. Space and capacity must be created for all stakeholders to engage in the policy debate at local and national level.
2. There is strong evidence showing that policy conditionalities don't work as intended. Donors should take this evidence seriously and respect country leadership when negotiating the terms and conditions of aid. The respect of human rights, including women's rights, constitutes the basis for the definition of such terms.
3. It is in the interest of both donor and partner country governments to be transparent on their management of aid. Donors ought to provide reliable forward information on programmable aid. Partner country governments ought to ensure that information on aid is available and communicated to their citizens and institutions, as well as national and local constituencies.
4. South-South and Trilateral Cooperation are modes of engaging aid that bear untapped potential, especially with respect to Capacity Development. We ought to develop a deeper understanding of this potential and identify the key criteria that will ensure that such modes of cooperation produce development effectiveness.

Topics and issues that would call for further exploration and work have been mentioned earlier in this report:

- The need for a more broad-based understanding of country ownership: beyond the large consensus that emerged in this regard, good practices must be identified, ways and means spelt out. How can stakeholders promote broad-based ownership in practice?
- The need for a new approach to capacity development for ownership: donor and partner practice must evolve in terms of how programmes and initiatives are designed. What are the ingredients needed for the promotion of endogenous knowledge? How can we practically overcome the systemic constraints the Bonn Consensus refers to?
- South-South Cooperation and trilateral cooperation have untapped potential to promote capacity development: there is a need to identify good practices, principles and criteria.
- The links between conditionality and ownership remain controversial and require further work and analysis. The next useful step may be to gather further evidence on actual practice.
- The need to revisit the indicator for country ownership or to complement it, bearing in mind that we need sound and comparable evidence efficiently gathered so as to inform the HLF-4.

Both Co-Chairs are of the opinion that the Working Party on Aid Effectiveness ought to ensure that such work is undertaken. It is considered its natural role to provide the necessary frame and coordination in this respect, towards the HLF-4. Both Co-Chairs declared their readiness in principle to contribute to such an initiative, in whatever appropriate manner.

The Co-Chairs would like to thank the many organisations and individuals who have provided invaluable support in the process of preparing and holding the Accra Roundtable 1 on country ownership, particularly the RT1 panellists. The Co-Chairs' special thanks go to Felix Zimmermann, of the OECD Development Centre, author of the RT1 issues paper, whose commitment, insights and writing skills have been essential to this Roundtable's relevance and success.

ROUNDTABLE 2 : ALIGNMENT: CHALLENGES AND WAYS FORWARD

Co-rapporteurs: Dr. Fahmida Khatun, Paal I. M. Aavatsmark

Summary

a) *Main issues covered in RT*

Alignment is a key principle of the Paris Declaration on Aid Effectiveness, which was signed by over 100 ministers and representatives of development agencies in 2005. During the Accra High Level Forum on Aid Effectiveness in Ghana (2-4 September 2008), the Roundtable on Alignment aimed to take stock of the progress towards agreed targets for 2010 and to provide suggestions for work for further progress.

The *Roundtable on Alignment* was divided into two segments, dealing with two sub-themes each. The first segment dealt with (i) alignment to objectives & policies, and (ii) alignment to time horizons (predictability); while the second segment covered (iii) alignment to country systems, and (iv) alignment to market (untying)

b) *Main points of consensus*

Discussions at the Roundtable showed universal agreement on one key finding: *progress towards greater alignment has been limited since Paris*. Despite significant improvement in many developing countries' public financial management systems, there has not been a reciprocal increase in donors' use of these strengthened country systems.

In order to our 2010 targets on alignment, there is *a strong need to accelerate delivery on our commitments*. Many noted how this sense of urgency was not fully reflected in the latest draft of the Accra Ministerial Declaration (Accra Agenda for Action) available at the time of the RT discussion.

c) *Proposals for further work and debate (issues/institutional)*

On proposals for further work and debate, the Roundtable underscored that supporting a country's own priorities, using its systems and giving it the time to achieve its objectives through policy trial and errors - requires trust. Trust cannot be built, if donors do not relinquish control. Trust cannot be built, if partners do not give tangible proof of their commitment to their own development agenda.

To build trust, it is important to show that progress towards our mutual commitments is taking place on both sides. For this reason it is important for the debates and monitoring efforts that have taken place in the run up to Accra and at this Roundtable to continue:

- In the most immediate future, as we progress towards the two other key aid events planned for 2008 - the MDG-event in New York in September and the Financing for Development conference in Doha in December.

- In the longer term, within the context of the WP on Aid Effectiveness by fostering a reorganization of its subsidiary bodies around the key issues where progress and common understanding is more lacking (such as predictability and conditionality)
- At the country level, through the setting up of country-specific monitoring arrangements better capable of measuring and creating incentives for alignment.

ROUNDTABLE 2 : SYNTHESIS REPORT

1. Background

Identified by the Paris Declaration as one of the five principles for aid effectiveness, alignment calls for donors to base their overall support on partner countries' national development strategies, institutions and procedures. Alignment plays a crucial role as the link between the priorities and policies of partner countries and donors' harmonized support. In the context of what is often an asymmetric relationship between development partners, country ownership requires alignment. By offering a shared understanding of what the partner's objectives are and what its policies and systems to achieve these are, alignment also facilitates harmonization and mutual accountability.

Against the background of highly uneven progress towards the target set by the Paris Declaration, the Roundtable offered a debate around the key challenges and the possible options to advance the alignment agenda in the context of the Paris Declaration framework and beyond. Preparations included a wide range of consultations through Regional workshops, on basis of a Discussion Note. This led to a Background Note and a Presentation Note, which were made available to all participants attending the Roundtable. These notes identified four key issues for discussion at the Roundtable:

(i) Alignment to objectives and policies (Poverty Reduction/Development Strategies)

The fundamental objective of alignment is to ensure that donors' support coherently sustains the recipient PRS / development strategy and follows its priorities. Alignment can take place at several levels and with different ease depending on the aid instrument. Since the Paris Declaration there are clear indications of progress in the area of alignment at the strategic level, but the same cannot be said of alignment at the operations and implementation level. Fostering alignment while mainstreaming crosscutting issues can also be a difficult task. Measuring donors' alignment at all these levels through relevant indicators remains a challenge for partners' authorities.

(ii) Alignment to time horizons (aid predictability/the long-term nature of development)

Development strategies are long-term endeavors requiring decisions today about the future. Uncertainties with regard to the level, distribution and disbursement conditions of future aid limit the extent to which such aid can effectively support the development process and the medium-term orientation of partner policies and expenditure frameworks.

According to the draft DAC "Progress Report on Aid Effectiveness", increases in predictability have been slow to date.

(iii) Aligning to country systems: (public financial management/procurement systems)

A key mechanism to achieve alignment is through the use of strengthened country systems. The "2008 Survey on Monitoring the Paris Declaration" showed that while several developing countries have made impressive advances in improving the management of their public funds, there has been relatively little reciprocal progress in the donors' use of developing country systems in public financial management and procurement since 2005.

(iv) *Aligning to markets (untying of aid)*

Tied aid raises the costs of goods and services provided to partner countries and increases administrative burdens on both donors and partners. When untied, aid helps to build a country's capacity to provide goods and services in a sustainable manner. Since the 2001 DAC recommendations to untie all aid to the least developed countries other than food aid and technical cooperation, progress has been reported in nearly all countries. There remain, however, areas of concern with tied aid being persistently identified by a large number of partner countries as a key obstacle for increased alignment.

2. Structure of Roundtable

The Roundtable was structured as a Panel discussion, with *introductory remarks by the co-chair* followed by *presentations by the panelists* from the podium, and a subsequent open discussion with the wider audience.

Participants to the Roundtable included co-chairs *Debapriya Bhattacharya* (Ambassador of Bangladesh to the WTO and UN) and *Stefano Manservigi* (Director General for Development at the European Commission), panelists *Maarten Brouwer* (Director for Effectiveness and Quality Department, Directorate General for International Cooperation at the Ministry of Foreign Affairs), *Paul O'Brien* (Aid Effectiveness Director, Oxfam International), *Ismail Momoniat* (Deputy Director General from the National Treasury in South Africa) and *Jacinta Muteshi* (Regional Coordinator EC/UN Partnership on Gender Equality for Development & Peace). Interventions from the floor came from a wide spectrum of stakeholders, including representatives from CSOs and the private sectors.

Segment 1 dealt with alignment to objectives & policies, as well as alignment to time horizons (to be filled in by other co-rapporteur).....

Segment 2 dealt with alignment to country systems and untying. On *alignment to country systems (public financial management- and procurement systems)* Chair *Debapriya Bhattacharya* noted that while the Paris Declaration Monitoring Survey has evidenced improvements in many developing countries' public financial management- and procurement systems, there is a lack of reciprocal use of these systems by donors. He challenged the audience on the possible reasons/obstacles for this, calling for more joint assessments and stating that in-perfect systems should not be an excuse for not using them.

On *alignment to market (untying)* he stated that while the Survey had shown some progress in this area, the challenge was aggravated the fact that Technical Assistance, which is probably the least aligned and most supply driven aid modality, was not included in the indicator measuring the level of untying of donors (TA is currently excluded from the DAC definition of untying).

In the panel interventions that followed, expressed frustration with the pace of progress with donors aligning to national systems, even if they are of varying degree of quality. Even in the case of recognized high quality systems, like that of South Africa according to an on-going PEFA evaluation, only a small percentage of donors funds go through the budget, thus limiting both the governments' and the Parliament's ownership.

In her intervention, *Jacinta Muteshi*, *Regional Coordinator EC/UN Partnership on Gender Equality for Development & Peace* highlighted the central role of gender equality issues for aid effectiveness – while the Paris Declaration does not fundamentally address this issue. In relation to alignment, she expressed concern for few examples of strong gender sensitive alignment plans and the lack of government capacity to deal with this challenge, which is often further hampered by the lack of available sex disaggregated data. She referred to a good example of gender sensitive budget support in Nepal, with a gender expert in the Ministry of Finance working on capacity building and developing guidelines for

gender sensitive budgeting and medium term frameworks. She furthermore underscored the importance of facilitating/creating (national) policy space for improving national plans to be gender sensitive and to develop account mechanisms to measure progress.

Intervening from the floor, Yannick Moulin from BIAC and a member of the OECD/DAC Business Advisory Committee provided a private sector perspective, underlining the important role of the private sector in development as a true stakeholder, questioning the actual progress made in improving country systems. Underlining that many PFM systems do not function according to international standards she cautioned against any donor policy allowing for “sub-standards” which may jeopardize the international rules of the game, recalling that fair and transparent rules are essential for the functioning of markets. In a similar vein, while he did not question the case for untying, he noted that new emerging donors were openly applying tied aid, and thus argued to introduce the context of reciprocity for new donors.

Craig Fagan from Transparency International also intervened from the floor gave a CSO perspective by calling for a push to (a) improve the integrity procurement practices, and (b) promote demand driven technical assistance.

In the subsequent *floor discussion*, many developing countries representatives noted that even where country systems are of good quality, very few donors actually use their country systems. In South Africa for instance, which obtained a very strong preliminary PEFA score (3rd of 50 countries globally, and obtaining a similar score to that of Norway), very few donors use their system. One possible reason highlighted could be the ability of donors’ field staff to use them.

There was therefore a strong call for donors need to respect national sovereignty by using development countries’ own systems and thereby allow for partner countries’ democratic appropriation. Furthermore, where these systems are not of sufficient good quality, donors should assist in strengthening them, by using them and providing capacity building. The importance of taking into account the concerns of regional and local governments in the alignment process was also highlighted.

Budget support was also highlighted as a useful modality to strengthen country systems and ownership. A representative from the Ministry of Finance in Nepal noted that: (i) when program-based budget support is spent in a focused way (e.g. through a sector modality) it had worked well in Nepal, (ii) conditionality should be worked out in a negotiated way, and (iii) a way to work around the untying of TA is promote pooled TA funding. A representative from the Uganda Treasury expressed strong support for budget support - underlining that if the problem is lack of confidence in country systems, donors should help strengthening them by using them. In the case of fragile state without functioning country systems, donors should to the extent possible use harmonized funds.

Similarly, there was a call for more harmonized donor conditionality and limiting the use of parallel implementation units. A representative from Bangladesh stated that while they had reformed their country systems based on donor conditionality, it is yet to be used by same donors. Furthermore, human rights pre-conditions hindered real alignment.

3. Outputs for Main Issues

Alignment has *several dimensions* as it can refer to a partner country national development goals, to the policies chosen to reach such goals, to the (many) country systems necessary to implement, monitor and review such policies and to the various time horizons of relevance for the partner country authorities and for the achievement of the targeted development goals.

In addition, alignment touches on *the power to set priorities and conditions* for the use of development resources and is affected by the need to account for such use to stakeholders in different

politics. Thus improving alignment not only involves complex technical matters but also requires tackling political issues.

Bearing this into mind, and reflecting the priorities highlighted by partner countries during the consultation process leading to the Accra HLF, the Roundtable debate focused on the following selected set of key dimensions and issues.

3.1 *Aligning to objectives and policies (Poverty Reduction/Development Strategies)*

Since the Paris Declaration there are clear indications of progress in the area of alignment at the strategic level, but the same cannot be said of alignment at the operations and implementation level. While donors typically call for partner countries to provide better-prioritised plans and stronger links to budgets, partners underline the difficulties of putting these tools into place in a context where aid remains difficult to predictable, subject to conditions and managed outside of country systems. Civil society organizations point to the need to extend alignment to the priorities of local development actors.

(ii) *Alignment to time horizons (aid predictability/the long-term nature of development)*

According to the draft DAC "Progress Report on Aid Effectiveness", increases in predictability have been slow to date with most donors quoting seemingly intractable legal and financial obstacles preventing them from responding to partners' calls for the establishment of multi-year frameworks and increases in the amount of aid committed over 3-5 years periods. Being subjected to annual parliamentary appropriations, bilateral donors appear particularly challenged in this respect. However, even if multilaterals are better able to work with multi-year allocations, the length of their funding cycles (in most cases three years) also limits their capacity to provide firm commitments in advance.

Predictability of disbursements is also an issue and is affected by a range of implementation realities, including partner country performance and conditionalities. However, multi-year programming, multi-annual appropriations, variable tranching and aid "contracts" are being implemented or adopted, suggesting that further faster progress may be possible.

(iii) *Aligning to country systems (public financial management-/procurement systems)*

Since the Paris Declaration, some systems have been strengthened but their use has only marginally increased, possibly because other relevant factors besides quality have not been tackled. Still less than half of total aid in support of public sectors is channelled through such systems and the share of total aid disbursed through the modality that more readily and fully uses country systems (budget support) has remained stable between Surveys. While these aggregate results hide important differences across countries and donors, a great variance in the use of PFM systems of the same quality, as well as in the increase in use of improved systems, suggests that other factors besides quality are also relevant. The larger share of aid that remains unaligned to country systems can be explained with political inertia that encourages donors to stay with existing channels, perceived areas of strength and longstanding project and program partners.

A key mechanism to achieve alignment around a country national strategy is through the use of its country systems, in particular, but not exclusively, its budgetary processes and public financial management (PFM) systems, including public procurement. This is a fundamental goal of the Paris Declaration agenda, but also a particularly difficult one, since country systems are not only part of the solution but also part of the problem. This implies difficult choices in terms of sequencing, risk-taking and choices between short versus long-term objectives in the delivery of aid.

The Paris declaration commits partners to strengthen their systems with donors' support and use. Support can be granted through the transfer of financial resources, goods and/or expertise. Crucially, support can also be provided by using systems, and thereby avoiding parallel processes and institutions undermining local systems and procedures. This raises a host of difficult questions concerning how best to strengthen country systems, monitor their increasing quality, foster their use by donors, manage the ensuing risks, design the most appropriate safeguards, and identify the role that civil society organisations can play in this process.

Many of the elements needed to make faster progress, however, are in place and could be effectively built upon if there were the required political willingness. In the case of PFM, for instance, existing building blocks for faster advances include a widely recognized assessment tool (the PEFA Performance Assessment Framework) and increasing lessons from experience on how to best strengthen systems and use them while managing the related risks. Partner countries should now take an enhanced role in work on the use of country PFM systems and create an enabling environment by addressing such related areas as governance and corruption. Donors should better equip themselves to carry out their commitments. This would require adopting clearer policies, establishing incentive mechanisms for using systems and training staff in understanding and assessing the related benefits, risks and proper safeguards. With time, better communication of the use of country systems agenda to donors' external accountability bodies could increase their capacity to bear the risks of using partners' systems as they strengthen.

Capacity development plays a crucial role in strengthening country systems and delivering results. Donor support for capacity development should be based on coherent capacity development plans developed by partner countries. Donors also need to strengthen their capacity to better engage with partner country systems.

Taking up these challenges in the future is crucial. The voice of Partner Countries during the consultation process towards Accra made this clear by contrasting the efforts made to strengthen country systems with the limited increase in their use. Without faster progress, it is not only the 2010 target that is in danger. It is the overall credibility of the mutual commitment agreed in the Paris Declaration that really is at stake.

3.4 Alignment to markets (aid untying)

Untying aid offers greater value for money, decreases transaction costs and enhances sustainability. Tied aid is aid given on the condition that the recipient will use it to purchase goods and services from suppliers based in the donor country. Experience has shown, however, that aid with these conditions attached increases the costs of goods and services provided to partner countries and increases administrative burdens on both donors and partners. When untied, aid helps to build a country's capacity to provide goods and services in a sustainable manner.

In 2001, DAC members agreed to untie all aid to the least developed countries other than food aid and technical cooperation. Since then, aid untying has continued to figure prominently in the international agenda and has been the subject of routine reporting to the DAC. ***Significant advances appear to be achieved, although technical assistance and food aid remain the most untied form of aid.***

There are, however, areas of concerns. Despite overall progress for all donors, there are some outliers with quite low rates of untying among both the countries and the donors. Also, the coverage of the traditional DAC efforts on untying does not extend to non-DAC donors whose relative size is already relevant in several Asian countries and looks set to increase in a wider set of countries. In addition, the DAC 2007 Development Cooperation Report notes that, given issues around members' reporting, it is impossible to say if the actual share of untied financial aid has really increased. It also highlights how the

latest figures suggest that a large proportion of contracts financed from untied aid are still going to donor country suppliers. Finally, and perhaps due to the above, tied aid is persistently identified by a large number of partner countries as a key obstacle for increased alignment. This raises issues concerning the relevance of the statistics used and the importance of those types of ODA, which are not covered by the 2001 DAC Recommendations.

4. Conclusions

The evidence-based information provided for the HLF-3 (the 2008 Monitoring Survey, the Independent Evaluation as well as the Progress Report on the Paris Declaration), the regional consultation process held in the lead up to Accra, as well as the discussions at the Roundtable on alignment showed universal agreement on one key finding: *progress towards greater alignment has been limited since Paris. Today:*

- Budget support only accounts for 20 % of all aid
- Less than half of all aid uses partner country systems for implementation
- Less than half of all aid is recorded in countries national budgets
- Less than half of all aid is disbursed according to schedule
- Less than half of all aid is delivered through coordinated support of national programs

Against this background, we *need to accelerate delivery* on our commitments simply to meet the 2010 targets. Many noted how the draft of the AAA at the time needed to be reinforced. Accordingly, *the following main recommendations* emerged:

1. ***To progressively reduce conditionality, shifting away*** from unilaterally imposed policy measures/conditions towards accountability on agreed results, away from the annual verification of conditions towards medium term assessments of performance based on a stronger dialogue between partners.
2. ***To make greater use of country systems and support strengthening them.*** Supporting a country own priorities and policies, through the use of its strengthening systems, is crucial to make aid truly useful for its recipients. When systems are of quality, donors must use them. This is not an option but a commitment taken in Paris, which must be respected. Similarly, partner countries must continue their efforts to strength the quality of their national systems.
3. ***To make our aid more predictable.*** Besides issues surrounding the quantity of aid, we must keep the pace of whatever is being decided. Donors must work to remove whatever legal or administrative constraints block them from entering into multi-annual commitments on a rolling basis, and make use of innovative financing and delivery modalities.
4. Many pointed out that ***budget support is the aid modality more attuned to the alignment*** agenda and the strengthening of country systems and country ownership. However, budget support should not be seen simply as a channel to disburse funds to a national Treasury. Rather, budget support should be seen as a tool enhancing good governance as well as transparent, inclusive and effective systems for the planning, budgeting and execution of nationally owned development strategies. This should involve civil society, local authorities and the private economic sector.
5. ***Achieving progress on alignment requires push for reforms on both sides.*** Donors need to address any legal and political constraints limiting their capacity to implement the alignment

agenda. Partner countries need to continue their efforts to strengthen their policymaking, planning and budgeting systems. For both donors and partners, this requires political capacity to advance the relevant reforms. In order to secure sustained support for this, direct involvement of all relevant voices - such as national parliaments and CSOs is instrumental - at both national and international level.

In their closing remarks, co-chair *Debapriya Bhattacharya*, Ambassador of Bangladesh to the WTO and UN, called for a ***change in the political attitudes*** of the donors to development aid: “As long as the donor community continues to see foreign aid as a tool for its foreign policy, full alignment with partner country priorities can not take place.”

Similarly, *Stefano Manservigi*, Director General for Development at the European Commission, emphasised the ***importance of providing greater budget support for alignment***: ‘The more we align our policies to the priorities of partner countries, the more the mistrust indicator is pushed down which prevents aid to help immediately where it is needed.’

Proposals to organize future work - *Next Steps*

Supporting a country own priorities, using its systems and giving it the time to achieve its objectives through policy trial and errors - requires trust. Trust cannot be built, if donors do not relinquish control. Trust cannot be built, if partners do not give tangible proof of their commitment to their own development agenda.

To build trust, it is important to show that progress towards our mutual commitments is taking place on both sides. For this reason it is important for the debates and monitoring efforts that have taken place in the run up to Accra and at this Roundtable to continue:

- In the most immediate future, as we progress towards the two other key aid events planned for 2008 - the MDG-event in New York in September and the Financing for Development conference in Doha in December.
- In the longer term, within the context of the WP on Aid Effectiveness by fostering a reorganization of its subsidiary bodies around the key issues where progress and common understanding is more lacking (such as predictability and conditionality).
- At the country level, through the setting up of country-specific monitoring arrangements better capable of measuring and creating incentives for alignment.

ROUNDTABLE 3 : HARMONISATION

Optimising Aid Delivery, Complementarity, Division of Labour

Summary

The Roundtable addressed two topics, which were signalled as priorities from partner and donor countries in the preparatory process of the HLF Accra:

- (i) **in-country division of labour**, focussing on the bottlenecks to successful division of labour and ways to overcome them; and
- (ii) **cross-cutting issues** like human rights, gender equality and environmental sustainability and their promotion through harmonized approaches.

At the same time, there is acknowledgement of the need for further advances in many areas of the broader harmonization agenda, e.g. with regard to programme-based approaches, joint procedures, missions or evaluations. These issues, however, were not on the agenda for detailed discussion.

Regarding in-country division of labour (DoL), main points of discussion were:

4. **Excessive fragmentation of aid reduces aid effectiveness**, overburdens partner countries, leads to duplications and high transaction costs. Beyond improved complementarity, successful in-country DoL will contribute to enhanced ownership, deeper alignment to country priorities, improved transparency and results-orientation.
5. There was the recognition that a **conscious management of division of labour** is urgently needed in many countries. Division of labour will have to be geared towards achieving better development results, and its contribution towards this goal should be measured.
6. While acknowledging that there will not be one blueprint for successful division of labour processes, it was evident that **good practice elements have emerged** in a number of countries, e.g. Uganda, which should be shared and discussed more widely. Many of these have already been integrated in the international good practice principles on in-country division of labour, such as (i) the importance of partner government leadership to drive the DoL process; (ii) shaping DoL processes in a transparent and inclusive way, allowing a broader set of stakeholders, including civil society, to engage; (iii) establishing lead donor arrangements based on comparative advantage assessments, and not only on the volume of the financial contribution; (iv) the strengthening of aid management capacities by partner governments, if needed, with coordinated external support; (v) the provision of timely and transparent aid information by donors.
7. **Critical challenges** relate to (i) carefully balancing the goals of reducing donor fragmentation and maintaining a sufficient diversity in terms of approaches and instruments; (ii) keeping up – from a civil society point of view – an appropriate mix of funding mechanisms; (iii) the need to further associate new donors and global programmes with in-country DoL processes and (iv)

encourage DoL based on strong country strategies which allocate donor roles based on their comparative advantages to achieve results.

Regarding the promotion of **cross-cutting issues** through harmonized approaches the main points of discussion included the following:

1. Participants highlighted that **aid harmonisation is not an end in itself**; harmonisation processes and initiatives need to be geared towards the achievement of tangible results impacting positively on the lives of poor women, men and children focusing on the harmonization of outputs and outcomes, rather than of inputs alone.
2. Cross-cutting topics should not be dropped just because they do not seem to fit into a harmonised approach. Donors and partners alike need to firmly integrate human rights, gender equality and environmental sustainability **as goals in their own right, as well as cross-cutting objectives**.
3. **Ways of promoting the so-called cross-cutting issues** through harmonized approaches and the application of aid effectiveness principles are **increasingly documented**. The potentially beneficial relationship was illustrated by the powerful **case examples** provided.
4. Mainstreaming cross-cutting issues seems to be most effective (i) **under partner country leadership** and (ii) through **partner country policies, procedures and institutions**. Committed **donors can facilitate and support** the mainstreaming of cross-cutting issues.
8. **Donors and partners alike need to promote mutual, constructive critique** (probably as part of mutual accountability arrangements) on how they integrate and promote cross-cutting issues.

The Roundtable resulted in the following conclusions and forward-looking recommendations:

1. With regard to division of labour, emerging experience and good practice should be systematically reviewed and more widely shared. International **good practice principles were seen as a useful instrument** to further guide in-country DoL processes, the existing draft principles were recommended for consideration by the DAC Working Party on Aid Effectiveness. A concrete suggestion, also resonating well with the respective section of the Accra Agenda for Action, was to further develop a **methodology to measure progress** and outcomes from in-country division of labour processes.
2. When it comes to more systematically merging cross-cutting issues and aid effectiveness principles the general feeling was that - despite convincing individual case examples - more **analysis and collective learning are still needed**. It was apparent that the **level of knowledge and good practice** guidance in this area is **still in its infancy**. One practical suggestion was to **task the DAC to further pursue the necessary groundwork** and the related dissemination and sharing of experience.

ROUNDTABLE 3 : SYNTHESIS REPORT

1. Background

In the Paris Declaration donors and partner countries alike have committed themselves to “eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible” (para. 3iv.). This commitment is spelt out in the declaration’s harmonisation chapter and includes in particular a more effective division of labour at global, country and sector levels and promotion of a harmonised approach to environmental assessments. Excessive fragmentation of aid at all levels is understood as reducing aid effectiveness and overburdening recipients in many countries and sectors, with the inherent risk of impairing ownership and country leadership. Therefore, partner countries identified complementarity and division of labour as one out of six priorities to be addressed during the High Level Forum 3 in Accra.

In preparation of the HLF, the OECD/DAC task team on complementarity/rationalizing aid delivery under the Working Party on Aid Effectiveness had developed draft “good practice principles on in-country division of labour”. A basis for these principles was first laid out in a workshop in Pretoria in February 2008 with strong partner country participation, and they were further developed and finalised in the Task Team, in which partner countries are also represented (South Africa, Uganda, and Cambodia alongside the World Bank, African Development Bank, European Commission, USA, and Germany as chair), and submitted to the Working Party on Aid Effectiveness for their meeting on 9-11 July 2008.

In this context, **Roundtable 3 “Harmonisation: Optimising aid delivery, complementarity, division of labour”** (RT Harmonisation) addressed the question of how to collectively do business differently at the country level, in order to contribute to improved aid effectiveness. The Roundtable tackled the following issues that were selected out of the wider harmonisation agenda as they were considered as being particularly pertinent:

- **Division of Labour (DoL), in particular the in-country dimension:** The current system of delivery of Official Development Assistance is characterised by a high degree of overlap, both at global and at sector levels. Aid fragmentation therefore is an issue for both donors and partner countries alike. This includes aspects of the better integration of global programmes as well as capacity development and legal requirements for further coordination and cooperation.
- **Promoting harmonised approaches on cross-cutting issues:** Improved aid effectiveness will not lead to better development results, as long as gender inequalities persist, environmental damage is accepted, or human rights are abused. However, cross-cutting issues are widely perceived as losing out in the world of new aid modalities and experience shows that in division of labour processes there exists a particular danger of cross-cutting issues not reaching the operational level.

The Roundtable Harmonisation tackled these issues in the following manner:

- Learning from good practice elements and cases, e.g. the “good practice principles on in-country division of labour”;
- Identifying key bottlenecks and lessons learnt;
- Outlining forward looking recommendations and steps to further shape the agenda over the short and medium term, looking towards necessary actions for 2010 and the 4th HLF.

2. The Roundtable Process

The Roundtable took place in form of two consecutive panel discussions facilitated by Paddy Coulter (Communications Director, Oxford Poverty & Human Development Initiative, University of Oxford). By means of an introduction a short documentary with voices on aid effectiveness from practitioners in several partner countries was screened. Subsequently the two co-chairs of the Roundtable, Ms. Ingrid-Gabriela Hoven (Director General at the Federal Ministry for Economic Cooperation and Development, Germany) and Mr. Keith Muhakanizi (Deputy Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, Uganda) introduced the topics to the audience and framed the debate. The Roundtable discussion was structured into two sessions:

- During the **first session** on division of labour the panellists were asked to address bottlenecks to in-country division of labour and discuss necessary and useful steps to avoid or overcome them. As a first input Mr. Richard Ssewakiryanga (Ministry of Finance, Planning and Economic Development, Uganda) presented the experience with in-country division of labour in Uganda. Introductory statements from Mr. Talaat Abdel-Malek (Advisor to the Ministry of International Cooperation, Egypt, and Member of the Partner Country Contact Group for HLF 3) and Mr. Daniel Low-Ber (Director, Global Fund to Fight AIDS, Tuberculosis and Malaria) touched upon questions of how to strengthen aid management capacities for both partner country and donors and how to integrate global programmes into the division of labour at country level. Following on to this first round of statements, two rounds of contributions were invited from the audience. Numerous comments, experience and suggestions were shared, engaging the panellists in a lively debate. Mr. Hassane Cisse (Chief Counsel, Legal Vice-Presidency, The World Bank) concluded the session with a short presentation on the Legal Harmonisation Initiative which was launched by international financial institutions, bilateral donors and several UN agencies in February 2008.
- The **second session** was opened by a rap music performance of young Ghanaian musicians. Inspired by the aid-effectiveness message of the song, the panellists engaged in a lively discussion on how to mainstream cross-cutting issues like human rights, gender equality and environmental sustainability in the context of growing harmonisation among development partners. Ms. Erlinda Capones (Director of Social Development Staff, National Economic and Development Authority, Philippines) presented the Philippine Harmonised Gender and Development Guidelines which were jointly prepared by the Philippine Government and the development partners in order to enhance development effectiveness and gender equality results. The experience from Philippines resonated well with the statements of the other panellists, Mr. Le Hoai Nam (Ministry of Natural Resources and Environment, Vietnam) and Mr. Ashfaq Khalfan (“Right to Water Programme”, Centre on Housing Rights and Evictions, Geneva), both of which provided further examples on how cross-cutting issues like environmental sustainability and human rights can be promoted via harmonized approaches using partner country systems and government leadership. After these introductory statements, the Moderator entertained a number of questions from the audience reflecting on statements made by panellists.

Ms. Hoven and Mr. Muhakanizi concluded the Roundtable with a succinct wrap-up of the main points of debate, highlighting major outcomes of the Roundtable and priorities for future action.

3. Main Points of the Discussions

In their introduction the two co-chairs set out the rationale for choosing the two main topics for deliberation at the roundtable:

- **In-country Division of Labour:** Excessive and ever more increasing fragmentation of aid delivery prevails in many partner countries, as evidenced by recent surveys and statistical analyses. Decisive steps are needed to increase aid effectiveness, reduce duplication of efforts and the resulting burden put on partner countries in terms of managing aid delivery. As experience from some countries shows it is possible to improve complementarity and rationalize aid delivery by donors, while maintaining the overall funding levels. Increasing coordination and reducing the number of active donors in a given sector or countries also helps the broader aid effectiveness agenda, in terms of donor coordination, harmonized procedures and alignment to country priorities and systems. Already the Paris Declaration had specified the obligation to further improve on complementarity and division of labour among donors. And in 2007 an “EU Code of Conduct” was agreed upon which laid the foundation for a better operational division of labour among EU donors. Still, partner countries considered substantial advances in respect to a more rational division of labour of key importance. Partly in response to this, the DAC task team composed of representatives from partner countries and donors had submitted a set of “International Good Practice Principles on In-Country Division of Labour” for consideration.
- **Cross-cutting Issues and Harmonization:** Aid is considered to be truly effective when it improves the life of the poor. The Millennium Development Goals in particular commit donors and partner countries alike to the promotion of gender equality and environmental sustainability. The Millennium Declaration also firmly establishes the political framework as a pre-requisite for a successful development. Thus, good development results are not possible, if gender inequalities persist, environmental damage is accepted, or human rights are abused. Despite the longstanding recognition of the importance of these key development policy goals, they have not received adequate attention in the aid effectiveness framework and new aid modalities. And even if their pivotal role for arriving at development results is acknowledged, an apparent gap exists when it comes to good practice knowledge and practical guidance regarding the promotion and operational integration of the so-called cross-cutting issues in the context of aid effectiveness initiatives. In order to improve on this situation two international workshops (in Dublin 2007 and in London 2008) were devoted to the nexus of cross-cutting issues and aid effectiveness and helped to raise awareness and share good practice of the relevance of this neglected dimension.

Panel 1: In-Country Division of Labour

In a first country case presentation **Mr. Richard Ssewakiryanga from the Ministry of Finance, Planning and Economic Development in Uganda** shared the experience with a division of labour process at sector-level. He stressed the importance of the right “policy infrastructure” for meaningful division of labour discussions (a well-prioritized national poverty reduction strategy operationalised through outcome indicators, respective sector strategies and budgetary frameworks at different levels). The other important pre-condition was the existing “institutional infrastructure”, which ensured institutional space for DoL deliberations and building of trust among donors and partner government officials (e.g. the local development partner group, joint sector working groups, developed sector-wide approaches, joint missions, reviews and analytical work). Main stages of the division of labour exercise in Uganda comprised (i) a robust aid information mapping, (ii) the link of financial aid information to the national budget and the MTEF, (iii) a comparative advantage assessment for donors and (iv) negotiation of division of labour arrangements, ranging from the re-allocation of some donor contributions, to increased use of forms of delegated cooperation to the establishment of lead donor arrangements. The presentation highlighted as benefits directly related to the DoL process (i) greater transparency on aid flows, (ii) reduction of transaction costs for the partner government, (iii) more “rational”, results-oriented aid allocations, (iv) use of donor contributions according to their comparative advantage, (v) greater alignment of external contributions with Governments priorities and programmes.

In terms of challenges the presentation highlighted (i) the absence of new donors and alternative sources of finance (e.g. some vertical funds) which were not part of the current DoL process; (ii) the unbalanced support to “darling sectors” at the expense of others; (iii) the need for more standardized definitions of lead, silent, supportive donor roles; (iv) the perceived ganging-up of donors, when they coordinate their positions and support without sufficient government guidance and leadership; (v) the need for developing indicators to measure progress and impact of the DoL process. Overall, the presentation identified strong government leadership as the most important variable for successful and beneficial in-country division of labour processes.

In the following contributions from the panel, **Mr. Talaat Abdel-Malek, Adviser to the Ministry of International Cooperation in Egypt**, stressed the need to “manage” the division of labour more actively to cope with excessive fragmentation of aid. In his view, both the partner government and the donors have to upgrade their capacities to engage successfully in division of labour processes, which would include a complete change of mind set at the donor’s side to accept and respect the guidance by Government, e.g. when its comes to assuming a less prominent role in a given sector. In addition, he questioned the merit of the “lead donor” concept, if it is only based on the overall financial volume that a donor contributes.

Mr. Daniel Low-Beer from Global Fund to Fight AIDS, Tuberculosis and Malaria emphasized the need to focus harmonization and division of labour processes not only on inputs, but on outputs and results which provide a common basis to allocate donor roles on their comparative advantages to support results. In this respect, he suggested the drawing-up of inclusive results-oriented country plans. He pointed out that global funds provide a suitable instrument also for upstream harmonisation at the global level rather than pursuing harmonisation only at country level. However, Global Programs will in his view also continue to act on aid effectiveness at country level, harmonize better with development partners and engage further with in-country division of labour processes. In order to arrive at a more rational and coordinated aid delivery a spirit of joint learning and action is needed for all partners, be they partner countries, bi- and multilateral institutions, civil society, and global programs.

Mr. Hassane Cisse from the Legal Vice-Presidency at the World Bank concluded the input of the panel by introducing the recently launched Legal Harmonization Initiative that the World Bank is jointly facilitating with numerous bilateral donors and multilateral organizations. Its aim is to further the harmonization of procedures and formats of MoU’s, financing agreements, delegated cooperation agreements, anti-corruption clauses and social/ environmental assessments. Working groups for each of these issues have been established, as has a “rapid response” mechanism among the participating organizations to swiftly deal with emerging problems and bottlenecks to harmonized approaches.

After a lively discussion from the floor, main points and conclusions of the panel, which were summarized by the co-chair, Mr. Muhakanizi, at the end of the Roundtable, comprised the following:

1. Overall, participants agreed that **excessive fragmentation of aid reduces aid effectiveness** and overburdens partner countries, leads to duplications and high transaction costs.
2. Conscious **management of division of labour** is urgently needed in many countries, although not an end in itself. Ultimately, division of labour should contribute to better development results by improved complementarity, alignment to country priorities and frameworks, improved transparency, mutual accountability and results-oriented management.
3. Both the Uganda case presentation and contributions by participants illustrated that **good practice elements have emerged** in a number of countries. These elements should be shared more widely for the benefit of countries just starting the process. While acknowledging that there will not be one blueprint for successful division of labour processes, the **Good Practice**

Principles on In-country Division of Labour elaborated by the DAC task team were seen to respond to the perceived need for guidance. Once agreed upon internationally, they could become a significant reference point to both partner countries and donors.

4. In-country division of labour processes should, wherever possible, be **driven by partner governments**. These processes need to be transparent and inclusive, allowing a broader set of stakeholders, e.g. civil society to engage. In-country division of labour processes tend to be more effective, if they are linked to budgetary framework and clearly relate to results-based national development strategies.
5. A number of **risks and challenges** of division of labour processes were addressed:
 - The **urgency**, which may drive donors to forge ahead with division of labour exercises on their own, **may impair ownership** and country leadership.
 - The **assessment of comparative advantages** of donors is a technically demanding and politically sensitive issue. The volume of financial contributions should not constitute the sole criteria in this process. Expertise in a given sector, experience from neighbouring countries, staff capacity and behavioural aspects should also be taken into account. In this respect, it was suggested that the **competencies and responsibilities of a “lead donor”** in a sector will have to be more fully explored. Although the assessment is based on agreed criteria and regularly reviewed by peers, the partner country should have the final say in assigning and discussing future contributions of donors.
 - Successful division of labour processes rely on **transparent aid information and aid management capacities**. Frequently, partner countries lack sufficient capacities in these areas, and donor support has to be better coordinated and aligned to partner country priorities and capacity development efforts. But also donors themselves will have to upgrade their capacities for better harmonisation, greater predictability and building on their comparative advantage. In addition, donors will have to provide timely and realistic information on aid disbursements and commitments. Panellists and participants of the Roundtable agreed on the importance of capacity development support, particularly referring the value of south-south and triangular cooperation.
 - Division of labour processes will have to carefully balance the goal of reducing fragmentation of donor support and maintaining a sufficient diversity – in terms of approaches, instruments and aid channels. As an optimum, a **“situation of managed diversity”** should be the result. Participants, in particular civil society representatives, highlighted the relevance of maintaining a mix of funding mechanisms during division of labour processes.
 - New development actors, such as **Global Programmes** and **emerging donors**, have seen some challenges to engage in in-country division of labour processes. However, some global programmes already work toward increased alignment and harmonisation, e.g. by better integrating and harmonizing their contribution into sector strategies, and participating in the Global Program Learning Group to improve aid effectiveness.

Panel 2: Cross-cutting Issues and Harmonization

The panel opened with the country case presentation on the national Gender and Development (GAD) Guidelines by **Ms. Erlinda Capones from the National Economic and Development Authority of the Philippines**. The presentation very well exemplified how gender as a cross-cutting issue can be

mainstreamed by making use of the partner country system and regulations. Initially, the Philippines Government was faced with the proliferation of GAD guidelines elaborated individually by many donors and donor-supported projects. This triggered the development of harmonized GAD guidelines (and a set of sector GAD checklists) by the Philippine Government which is being used now by all government agencies and adopted as the common standard for reporting on gender-responsiveness of programmes and projects by donor organizations. As a result there exist now harmonized and simplified tools for gender mainstreaming in all stages of the project cycle; the quality of projects in the area of gender and development has been enhanced; the monitoring of the extent of gender-responsiveness of ODA-assisted programmes and projects has been facilitated. Overall, the country case illustrated how harmonization and mainstreaming of the cross-cutting issues can be advanced under a decisive Government leadership and the alignment of donors to Government-set standards. The presentation also analyzed as enabling factors (i) the continued support of senior officials and “policy champions” within Government, (ii) the importance of supportive donors and a functioning thematic GAD network which helped to strengthen Government leadership on the issue and to foster co-ownership of donors of the GAD guidelines, (iii) the need for a broad consultative process to ensure acceptability and appropriateness of guidelines to various sector and (iv) the continuous provision of capacity building on the use of the guidelines.

In his introductory statement **Mr. Le Houai Nam from the Ministry of Natural Resources and Environment in Vietnam** added a very similar experience, where harmonization of different donor approaches in the area of Strategic Environmental Assessment (SEA) occurred as result of Government leadership combined with successive alignment of donors to the new legal framework enacted by the Government. Important enabling factors were again (i) the broad institutional platform established for SEA capacity building, (ii) the spreading and learning from SEA pilots, and the continuous exchange among different actors to establish trust, common understanding and harmonization, (iii) the combined effort of few convinced donors that targeted their assistance towards building policies, systems and capacities for environmental sustainability of the Vietnamese Government.

The third input for this panel came from **Mr. Ashfaq Khalfan from the Centre on Housing Rights and Evictions in Geneva**. Again, the panellist reported an experience on how international standards on the right to water and sanitation became the basis for the water sector reform by the Kenyan Government and a harmonized approach for donor support. As a result, the Kenyan government stated that the human rights approach provided additional tools to concentrate on the underserved and poor. In addition, important donors aligned to international standards and made significant reallocations in their funding priorities (increased funding for provision of services to slums). The enabling factors were (i) a Kenyan consensus on human rights, including on economic and social rights (ii) commitment of the relevant sector donors to implement human rights standards in their development cooperation and (iii) defined and operational UN standards on the right to water and sanitation. In addition to law and policy reform, the rights-based approach builds essentially on the empowerment of the poor and increases downward accountability. While the Accra Agenda for Action refers to the need for civil society participation, the the voice of direct representatives of the poor (the “demand side” of service delivery) is according to the panellist all-too-often still absent when it comes to national sector reforms, including dialogue between government and development partners. Establishing participatory and accountability processes targeted to the poor is a key challenge that will require significant investments of time, capacity and resources.

In contributions from the floor participants still showed some disappointment about the lack of effective integration of cross-cutting issues in the harmonization and aid effectiveness agenda. The following main points of discussion and conclusions were summarized by the Co-Chair of this panel, Ms. Hoven:

1. Participants highlighted that **aid harmonisation is not an end in itself**; processes and action need to be geared towards the achievement of tangible results impacting positively on the lives of poor women, men and children rather than focusing on the harmonization of inputs alone.
2. Cross-Cutting topics should not be dropped just because they do not seem to fit into a harmonised approach. Donors and partners alike need to **firmly integrate human rights, gender equality and environmental sustainability as goals in their own right as well as cross-cutting objectives**.
3. There was a visible consensus that mainstreaming cross-cutting issues in the partner country is most effective (i) **under partner country leadership** and (ii) **through partner country policies, procedures and institutions**. Committed donors can facilitate and support the mainstreaming of cross-cutting issues.
4. Setting and **measuring results for cross-cutting issues** are critical for effective mainstreaming/implementation processes, as are the development of capacities and provision of incentives for staff to engage and follow through on these issues.
5. **Donors and partners alike need to promote mutual, constructive critique** and learning on how they integrate cross-cutting issues. They can do so by agreeing on some form of benchmarking and peer review processes to hold one another accountable on their commitments to human rights, gender equality and environmental sustainability.

4. Conclusions

Both panels of the Roundtable focussed on very pertinent and innovative topics, which are key to the further elaboration of the aid effectiveness agenda.

- At country level, implementation of division of labour processes is currently being stepped up in many partner countries, and the **need for guidance, sharing of experience and capacity development** became evident in many contributions. Successful in-country division of labour can help the implementation of the broader harmonization efforts and results in tangible reductions in transaction costs, preventing wasteful duplication of efforts etc. But not only that: from the Roundtable it became clear that stringently managed in-country division of labour processes can similarly make substantial contributions to implementation of the broader aid effectiveness agenda, i.e. foster genuine ownership of partner countries, improve alignment of donors to country priorities, as well as contribute to improved managing for development results in the partner countries.
- Regarding cross-cutting issues, the Roundtable exemplified how aid effectiveness principles can successfully be applied to support the mainstreaming of gender equality, environmental sustainability and human rights in partner countries. However, it became similarly apparent that the **level of knowledge and good practice** guidance in this area is **still in its infancy**.

The Roundtable concluded with the following **forward-looking recommendations**:

1. With regard to division of labour, emerging experience and good practice should be more systematically reviewed and widely shared. International **good practice principles were seen as a useful instrument** to further guide the in-country processes, the existing draft principles were recommended for consideration by the DAC Working Party on Aid Effectiveness (as stipulated in the Accra Agenda for Action). An important suggestion from the Uganda case presentation is

to further develop a **methodology to measure progress** and outcomes from in-country division of labour processes.

2. The **relevance** of the so-called cross-cutting issues for the aid effectiveness agenda has been **recognized**. **Examples** of how they can be mainstreamed through the application of aid effectiveness principles (ownership, alignment, harmonization, results, mutual accountability) are **increasingly documented**. However, when it comes to more systematically merging cross-cutting issues and aid effectiveness principles the general feeling was that much **analysis and collective learning is still needed**. One practical suggestion was to **task the DAC to further pursue this necessary groundwork** and the related dissemination and sharing of experience.

ROUNDTABLE 4 : MANAGING FOR DEVELOPMENT RESULTS

Summary

Managing for Development Results (MfDR) is about public sector management, supporting political decision-making focused on desired results and based on evidence.

The Roundtable advanced the MfDR agenda and contributed to the aid and development effectiveness agenda as a whole. There is broad acceptance that MfDR has moved beyond an aid management instrument and is part of the core agenda for public sector reform to pursue development of developing countries. It is a comprehensive way of thinking on how best to implement national strategies and to achieve internationally-agreed development goals. It is no longer a government-only exercise but a political change process involving the whole of society. Some important lessons can be drawn from this Roundtable.

Firstly, development results – including the implementation of human rights, gender equality and environmental protection – require that MfDR country systems are in place to manage this political change process. Developing countries should build on their often under-recognized experience at home, on best practices in similarly-placed countries, and on outside resources. Experience shows that where tools are in place, for example statistical information systems and monitoring & evaluation platforms, donors are more likely to follow the country’s lead. But donors have to actively contribute to the process, in particular by accepting the emphasis on “contribution” rather than “attribution”.

Secondly, the change process requires political leadership. Performance measurement always includes the risk of uncovering underperformance and failure. Since MfDR implies risk-taking, it requires high-level political commitment over time to value results, to be held accountable by multiple stakeholders and to set the right incentives. “You can run, but you cannot hide” – this captures the overall sentiment from participants on the urgency of MfDR.

Finally, sustainable capacity is crucial. Champions and incentives are needed to develop these capacities – and to use them. Efforts should focus on strengthening the institutionalisation of MfDR at all levels: the enabling environment, the organisational arrangements and the individual skills. To establish a “results culture”, capacity development in MfDR not only applies to government but also to parliamentarians, civil society, the private sector and the media. In this context harmonization of donor support and strengthening South-South learning mechanisms stand out as important drivers.

There is overwhelming rationale for bringing the whole MfDR implementation to country level and to strengthen South-South learning at country and regional levels. These peer-to-peer learning mechanisms have already proven to be excellent platforms for capacity development. Donor support is necessary to continue funding them. Donor support without too many strings attached underpinning ownership by partners. But these processes need time and risks of “overloading” these mechanisms with tasks and expectations that are too high have to be avoided.

To complement the efforts at country and regional levels, there is a need to institutionalize the dialogue between donors and developing countries, both governments and other stakeholders, at the international level. A strong forum is necessary to serve as a political advocate for MfDR and as a platform for inter-regional exchange as well as to host the debate of donor-specific issues around MfDR.

ROUNDTABLE 4 : SYNTHESIS REPORT

1. Background

Managing for Development Results (MfDR) has fundamental importance for achieving the Paris Declaration commitments. But judging by the Paris Declaration's indicator for progress in managing for results, very few partner countries are found to have quality results-oriented strategies yet, and progress since 2005 has been modest. This was the overarching rationale for having the Roundtable on MfDR at the Third High-Level Forum (HLF) on Aid Effectiveness.

In line with the main issues of the HLF, the overall topic of the Roundtable was to *shift the focus from concepts and tools to implementation*. In this regard, MfDR is more than a management process: it is a change process in which political factors and the role of various stakeholders are central.

While the implementation of MfDR may still be hampered by some lack of shared understanding and clear definitions, there is a broad consensus around the concept. MfDR is about *public sector management* and it is about supporting *political decision-making focused on desired results and based on evidence*. The concrete concept and a set of tools, developed to enhance government performance, are not contentious; therefore, it was not necessary to address them directly during the Roundtable. Instead, participants were provided with relevant background documentation. Among others, the following *documents targeted to inform the debate* were tabled:

- A third edition of a *Sourcebook on Emerging Good Practice in MfDR*. Along with an *MfDR Information Sheet* and an *MfDR Policy Brief*, it supports the effort to ignite the international MfDR debate and strengthen communication, sharing of experience and peer-to-peer learning.
- A newly developed *MfDR Capacity Assessment Tool*. Together with existing capacity assessment tools, this product allows developing countries to conduct assessments that provide a clear view of capacity gaps, develop actions to address them and target donor support.
- A good practice document on *Incentives for Aid Effectiveness in Donor Agencies* and an accompanying Self-Assessment Tool that address the MfDR agenda in donor agencies.

Building on *personal experiences of participants*, the Roundtable aimed to

- Identify the remaining bottlenecks in MfDR at the country level;
- Provide concrete key suggestions on how and by whom these can be addressed and overcome both nationally and internationally by 2010; and
- Broaden the commitment base among partner countries and development partners to address the bottlenecks and further implementation of MfDR.

The following *key issues* were addressed at the Roundtable:

- MfDR as a partner country system;
- Incentives for development effectiveness;

- Dissemination, experience sharing and peer learning.

These key issues and underlying assumptions and messages had been identified through an *extensive consultation process*. This process had been facilitated by a Roundtable organizing team composed of the co-chairs, their permanent contact persons, the rapporteurs and the keynote speaker. The various regional preparatory meetings in Africa, Asia and Latin America had been important preparatory steps. In addition, the regional Communities of Practice (CoP) on MfDR had been invited to share their views on Roundtable issues. Also, other networks had been invited to participate in the preparatory discussions and to comment on a draft issues paper, namely the Joint Ventures on Managing for Development Results, Public Financial Management and Procurement, respectively, the Evaluation Network; the Partnership in Statistics for Development in the 21st Century (PARIS21), the Network on Gender Equality and the DAC work stream on capacity development. Finally, views and procedural aspects were discussed and consolidated at a Roundtable Preparatory Workshop on 28-30 July in South Africa.

2. Roundtable Format

The Roundtable was co-chaired by Dhires Ramklass, Principal Technical Advisor to the National Treasury of South Africa, and Joan Boer, Permanent Representative of the Netherlands to the OECD (and Co-Chair of the Joint Venture on Managing for Development Results).

2.1 Keynote Address

The keynote address was given by Velayuthan Sivagnanasothy, Director General, Department of Foreign Aid and Budget Monitoring in the Ministry of Plan Implementation of Sri Lanka.

The keynote address set the common starting point for the discussion. It covered current conceptual thinking around and core elements of MfDR, the crucial institutionalization of MfDR and key issues. A reference to the so called Marrakech Principles – MfDR principles agreed during the Second International Roundtable on Results in Marrakech already in 2004 – demonstrated that MfDR has gained sound heritage with principles remaining valid over a prolonged period of time.

The presentation outlined the initiatives being pursued to establish a whole “*MfDR cycle*” and to *mainstream results management* in the Sri Lankan government. They shed a light on remaining core challenges, success factors and bottlenecks to overcome:

- A results focused government policy was endorsed by cabinet and a core group, supported by change agents, was formed to champion MfDR.
- An action plan was developed based on “inclusive government approach” (national, sectoral, agency and project level).
- Performance budgeting and performance audits were established.
- A project monitoring system started to track results at project level; an evaluation information system provides the evidence base for informed decisions (on-going, ex-post and impact evaluations).
- Results are reported based on agency results framework and scorecards using performance indicators.
- A country level Community of Practice facilitates knowledge exchange and peer learning.

The presentation was well-received. The fact that it was based in practice and given by a representative from a partner country indicates that the MfDR agenda is starting to become demand-driven

moving beyond aid into public management. MfDR was displayed as a country-owned process driven by the whole public sector. The proclaimed “*institutionalization*” of MfDR, which includes results-based budgeting, results-based monitoring & evaluation and the use of audits in results management, is a demanding standard.

2.2 *Discussions following the Keynote Address*

Following the keynote there were neither formal presentations nor an established panel. Instead, the co-chairs immediately started to facilitate an open discussion aiming at lively exchange of views and personal experiences amongst participants, thus consolidating lessons and identifying remaining challenges for the medium-term. On each of the three key issues (*MfDR as country system, incentives, peer learning*), which were discussed consecutively, the co-chairs invited 2-3 minutes interventions, along the following guiding questions:

- What are the key bottlenecks that impede MfDR in your country or organization? In order to strengthen your country or organizational systems to manage for development results, what capacity development interventions will be the most crucial?
- In your country or organization, what are the main bottlenecks and disincentives to be addressed and overcome? In your country or organization, what are the most effective incentives in managing for results and development effectiveness?
- What key bottlenecks impede the provision of clarity shared understanding of and enhanced knowledge about MfDR in your country or organization? What effective interventions would you make in your country or organization to address these bottlenecks, improve knowledge sharing and disseminate the MfDR concept and lessons learnt?

Two rapporteurs summarized the conclusions at the mid-point and at the end of the Roundtable: Daša Šilovic, UNDP Senior Policy Adviser on Aid Coordination and Management; and Bruce Purdue, Head of the Results Management Unit in the Asian Development Bank (and Co-Chair of the Joint Venture on Managing for Development Results).

The Roundtable discussion was lively and focused. Most interventions (ca. 60%) came from partner country representatives, which showed particular interest in MfDR as a country system and peer learning issues. Interventions from donors and various other stakeholders (ca. 20% each) were more focused on the issues around incentives for development effectiveness.

3. **Main Outcomes**

The 2008 Survey on Monitoring the Paris Declaration shows that very few partner countries have quality results-oriented strategies, and progress is generally slow. However, there are encouraging signals that *things are moving in the right direction*:

- The Roundtable confirmed that good, partner country led practice in MfDR is emerging all over the world.
- Knowledge-sharing and peer-to-peer learning on MfDR within countries, within regions and between regions is increasing. Regional Communities of Practice in Asia-Pacific, Africa and Latin America are clearly the important drivers for this.

- A number of country reports linked to the Evaluation of the Paris Declaration revealed some progress in particular areas and ambitious near-term plans to launch strong national systems.

To capitalize on these promising trends and to reinforce a strong political push for institutionalizing MfDR, the Roundtable aimed to identify the remaining bottlenecks, provide concrete key suggestions on how and by whom these can be addressed, and broaden the commitment base among partner countries and development partners.

The following summary emerged from the Roundtable, setting the scene to move the MfDR agenda forward:

- ***On the input side***, MfDR is no longer just about managing aid. While aid will remain a catalyst for the process, MfDR is fundamental to public sector reform and a change process that involves all domestic and external resources available for economic development. MfDR paves the way for transition from aid effectiveness to development effectiveness.
- ***On the outcome and impact side***, MfDR is no longer a technical tool meant only to gear resources towards narrowly defined goals and targets. Instead, MfDR reflects a comprehensive way of thinking on how best to achieve outcomes and impacts, according to national and sectoral priorities as well as being in line with the Millennium Development Goals and other Internationally Agreed Development Goals, including commitments on gender equality, human rights and the environment.
- ***On the stakeholders' side***, MfDR no longer applies only to selected entities of government. The setting of goals, agreements on targets and strategies, allocation of available resources to activities (i.e. a results-budget link), monitoring and evaluation as to whether allocated resources are making a difference, performance reporting and, finally, feedback of information into the decision making process – this entire “MfDR cycle” requires a “whole of society” approach and the involvement of a broad range of stakeholders. Democratic ownership calls for the inclusion of the entire government and the active participation by parliamentarians, civil society, media and private sector.

This message marked a real shift from the focus of the roundtable on MfDR at the Second High-Level Forum on Aid Effectiveness 2005 in Paris, which had mainly focused on technical issues related to aid management.

But what must be done to implement this broader political MfDR agenda, and to translate it from wishful thinking into reality?

The participants of the Roundtable identified ***three core essentials*** that are crucial to achieve results that are sustainable, democratically owned and that make a real difference in people's lives: ***Results require robust country systems in place to manage change, they require leadership and they require sustainable capacity.***

3.1 Results management requires country systems to manage change

In order to ensure sustainable results and meaningful accountability, all development resources, including ODA, must be managed through country systems. MfDR is now, though under different names and formats, accepted as a concept and gaining importance in most partner countries. However, as underlined by the Evaluation Report, it is still the weakest link in the overall national governance systems of many countries. Planning, budgeting, monitoring and evaluation, financial reporting and auditing are

still discrete and unlinked exercises in most cases. Many country systems remain focused on inputs and compliance issues and are only gradually moving towards output measurement. Only a few countries link national strategies and programmes to budgets and monitor progress. Consistent with that, donors' reliance on countries' results- and monitoring frameworks is reported to be the exception, not yet the rule.

Where information and platforms for participation in *developing countries* exist, it is easier for donors to do their own part in meeting the Paris commitments for a better management of aid for results. The experience in countries such as Uganda, which remains scarce, suggests that donors under those circumstances will indeed follow the country's lead and contribute to promote a culture of evidence-based management across the government, using government systems and data.

But *donors* have to actively contribute to the process. As reported in the Roundtable, there is still a tendency for donors to talk about "their" MfDR and "their" monitoring and evaluation systems. And donors tend to impose their own priorities or long-term global agendas which can undermine country development strategies. Donors should accept the emphasis on "*contribution*" rather than "*attribution*", and therefore understand and explain to their constituencies that it means focusing less on results relevant to donors and more on results in terms of opportunities for citizens in partner countries. To add credibility, participants also endorsed the concept that MfDR systems and procedures should be subjected to better forms of independent monitoring and evaluation.

One participant offered an outspoken reminder that any MfDR effort cannot simply deal with economic aspects of development. If MfDR was to identify the most cost effective project, it failed. Instead, management decisions have to accommodate *human rights, gender issues, and environmental protection*. There are tools in place that include improvement of legal instruments and promote democratic ownership. However, managing for outcomes that include advancements in such cross-cutting issues will remain extremely challenging and entail (in most developing countries and donor agencies) an exercise of political will.

There was some discussion of a newly developed Capacity Assessment Tool ("Cap Scan"). This tool was supported by the World Bank and piloted in Mauretania. As with existing tools, it helps to diagnose MfDR readiness at the country level.

Roundtable participants signalled that *tools are now developed and partially in place*. Notwithstanding international engagements, and because "ownership" often exists at different levels in partner countries (i.e. different ministries, executing agencies and public sector institutions), such tools can only be successfully applied when adapted to country-specific circumstances and applied within national systems. Action is now needed to commence real implementation. But the perfect should not become the enemy of the good in this area, especially where most industrialized countries are themselves still struggling to achieve satisfactory solutions. The Roundtable clearly echoed the recommendations in the Evaluation Report that countries should *build on their often under-recognized experience at home, on best practices in similarly-placed countries, and on outside resources*, to "de-mystify" MfDR systems and aim to have adequate systems in place to exercise the necessary leadership and direction over development and aid programs.

3.2 *Results require leadership*

It is the responsibility of governments to gear all resources available for national development – domestic resources as well as external aid – in order to create opportunities for their citizens. *MfDR is an opportunity, but not without risks*. Performance measurement always includes the risk of uncovering underperformance and failure. And there is no credibility if there is no system of penalties in place. Since MfDR implies risk-taking, it requires high-level political commitment over time: a commitment to value

results, to be held accountable, to set the right incentives, to develop the necessary capacities and to use these capacities. ***“You can run, but you cannot hide”*** – this captures the overall sentiment from participants on the urgency of MfDR – and this was clearly different from previous MfDR discussions in Paris and Hanoi.

There is a ***need for champions and drivers*** at different levels of government. They have to set the MfDR agenda and help staff to think around results as a new change management process. But there was also a strong reminder that ***the MfDR process must involve multiple stakeholders***, in particular civil society and parliamentarians. They have a dual role: they offer a check and balance against the actions of the executive branch of government to hold it accountable; and they have to act as change agents to be held accountable.

Participants noted that members of ***civil society*** have to buy in to the proposition that the development process must be managed for outcomes: criticism cannot simply be gratuitous and shrill; it must be more constructive. There was a decisive call for a stronger and more accountable role of ***parliaments***. Parliamentary oversight function is seen as being crucial, and teams of parliamentarians from donor and recipient countries should work together in collaboration to track resources from source to outcome. The Roundtable was informed of a new initiative on the African continent among parliamentarians from both donor and recipient countries focussing heavily on MfDR issues. This new Parliamentary Oversight Partnership intends to share information, lessons, common issues and problems among participating parliamentarians.

If the goals and commitments set out in the Paris Declaration and now Accra Agenda for Action are to be achieved, the central task is to change the ways in which the main actors do business. ***Patterns of behaviour will need to change***. Many of these behaviours have persisted and are difficult to shift. The Roundtable reminded everyone that it may be difficult to understand what motivates people and that determinants go far beyond simple incentives, suggesting that behaviour is a complex result of deep-seated patterns of cultural and legal framework conditions, procedures and immediate incentives.

In the Paris Declaration, donors and partner countries are jointly committed to ***reforming procedures and strengthening incentives*** – including for recruitment, appraisal and training – for management and staff to work towards harmonisation, alignment and managing for results. If incentives are to change, a number of measures will need to be taken, ranging from strengthening and extending systems of accountability to parliaments and citizens, to developing reward systems and incentives within ministries and development agencies. Participants noted that in particular within donor agencies notwithstanding the change towards MfDR, incentives remain often perverse (e.g. pressure to disburse, high staff turnover, short vision). They called for some concrete actions of creating “incentives for cultural change”. The delegation of authority from headquarters to country field offices and moving from current “disbursement imperatives” to “results imperatives” were considered as major, necessary though in itself not sufficient ways forward.

3.3 ***Results require capacities***

Developing and supporting sustainable capacity in MfDR is crucial. Broad capacity development, as needed, should ***strengthen the institutionalisation of MfDR at all levels***: the enabling environment, the organisational arrangements and the individual skills. Institutionalising MfDR in country systems will make it more sustainable, link the demand for results to local results frameworks and cover all resources and all government departments and units.

As the discussion ranged over the various stakeholders in the development process, it became clear that “capacity development” is actually not confined to donors and partner country governments; it also

applies to others such as parliamentarians, civil society and the media. Unless ***all stakeholders are engaged in MfDR*** on the basis of commonly understood terms and conditions, and speak the same MfDR and effectiveness “language”, there is a risk of mutual misunderstanding and, therefore, lack of progress.

Though it is generally accepted and has been used in different ways in various parts of the world, MfDR is still an evolving concept which could benefit from ***more clarity and shared understanding***. This seems to be one of the reasons why the dissemination of results-based approaches remains a challenge. More effort is needed to ***communicate the essence of the concept*** and its variations to a broader set of constituencies including citizens. It is equally important to achieve conceptual clarity applicable to national systems.

According to the Evaluation Report, almost all donors seem to be engaged in some sort of capacity development assistance that should strengthen the ability to manage for results – be it in support of statistical capacity, help in developing results frameworks, or the introduction of a “results culture” – but these efforts appear to be piecemeal, lack a long-term perspective and often remain tied to the specific needs or areas of intervention of donors. There are two answers to this shortcoming:

- First, there is a call for serious harmonization of donor support with a long-term perspective.
- Second, so-called South-to-South learning offers new and promising solutions.

The discussion on ***South-to-South learning*** focused on three questions:

- ***What subject matters should be at the centre of attention?*** There is a broad range of topics. For example, networks should share best practices in institutionalizing MfDR, communicate how to implement MfDR tools at project level and learn from one another in dealing with donors.
- ***Who should be involved?*** The call for high-quality and multi-disciplinary learning may imply the participation not only of government officials, but also of universities and other centres of excellence.
- ***How to secure sustainable funding?*** There seems to be a broad consensus that the exchange of information makes a difference, but that it also has to be sustained and continuous. The financing issue – along with the question of where best to host learning networks – must be taken up seriously. Participants stated that financing strong learning mechanisms is good value for money. There are two paramount questions: Are partner countries willing to invest in learning? Are donors prepared for long-term funding?

There are now growing numbers of ***peer-to-peer learning mechanisms*** employed to better implement MfDR. Participants pointed to emerging Communities of Practice on MfDR in Asia-Pacific, Africa and Latin America that offer excellent platforms for mutual learning and capacity development. Many participants stressed the need to strengthen these communities, broaden their constituencies and urged donors to continue funding them without too many strings attached underpinning ownership by partners.

The Roundtable was informed about an initiative by South Africa to establish an MfDR capacity development and peer-to-peer learning programme on the African continent. In the long run this programme is intended to help develop a critical mass of practitioners on MfDR, improve systems of participation and evidenced based decision making in the development process.

4. Conclusions

The Roundtable shifted the focus from technical matters (e.g. concepts and tools) to implementation. The Roundtable confirmed that, while the implementation of MfDR may still be hampered by some lack of shared understanding and clear definitions, there is, in principle, already a broad consensus around the concept: ***MfDR is about public sector management and it is about supporting political decision-making focused on desired results and based on evidence.***

There was also ***broad agreement on main steps that have to be taken.*** As illustrated in the Sri Lankan case, such steps must be seen as critical success factors and deserve political attention. These steps, which together make the “***MfDR cycle***”, are relatively clear: Setting comprehensive goals; agreeing on targets and actions; allocating the available resources to these actions; monitoring and evaluating whether the resources allocated are making the intended difference; reporting on performance to the public; and feeding back performance information into decision making.

Development results require that country systems are in place to manage change, they require political leadership in this change process, and they require capacities to implement the steps mentioned above – in essence, this is the overarching message from the Roundtable.

MfDR as a country system:

Only a few partner countries have quality results-oriented strategies. However, there are encouraging signals that things are starting to move into the right direction:

- Good practices on MfDR tools are emerging and shared in learning networks.
- The MfDR agenda in partner countries is starting to become more country-owned and demand-driven rather than simply proposed by donors.

Partner countries should now seize the opportunity to build strong MfDR country systems, and donors should accept the emphasis on “contribution” rather than “attribution”, align with country priorities and strengthen these systems by using it.

Political leadership:

MfDR is an opportunity, but not without risks of uncovering underperformance and failure. Since MfDR implies risk-taking, it requires high-level political commitment over time:

- A commitment to be held accountable, to set the right incentives, to develop the necessary capacities and to use these capacities.
- A commitment to move the MfDR agenda out of the confines of government, make it inclusive and a whole of society agenda.
- Stakeholders beyond government offer checks and balances against the actions of government and hold it accountable, but they must also act as change agents and, likewise, be held accountable.

MfDR capacity development:

Champions, not just enthusiasts, are needed to institutionalize MfDR, to reform procedures, strengthen incentives and develop the necessary capacities:

- It has become commonplace that partner countries must exhibit strong leadership of their own capacity development policies.
- There is also the obligation for donors not only to invest in partner countries' human resources and institutions, but also to harmonize their own support for MfDR.
- Besides that, so-called South-to-South learning offers new and promising ways to support capacity development. Networks like the regional Communities of Practice on MfDR have already proven to be excellent platforms for mutual learning and capacity development. Are partner countries willing to invest in learning? Are donors prepared for long-term funding?

Future venue for the advancement of MfDR:

The Roundtable gave some indication that the future venue for the advancement of MfDR should be twofold:

- First, there is a rationale for bringing the whole MfDR implementation to country level and to strengthen peer-to-peer learning at country and regional levels; but there is the warning that these processes need time and we have to avoid the risk of “overloading” learning mechanisms with tasks and expectations that are too high.
- Second, there is a need to institutionalize the dialogue with partner countries, both governments and other stakeholders, at the international level. A strong forum is necessary to serve as a political advocate for MfDR and as a platform for inter-regional exchange as well as to host the debate of donor-specific issues around MfDR.

ROUNDTABLE 5 : MAKING MUTUAL ACCOUNTABILITY REAL

Summary

The Roundtable on Mutual Accountability generated a lively discussion reflecting a broad range of views, including from parliamentarians and civil society representatives. The main issues were set out in a keynote address by Mary Robinson. It was followed by case studies from Tanzania, and from a joint initiative of the East Asian countries -- Vietnam, Cambodia and Laos. There was striking consistency among the keynote address, the case studies, and comments from the floor, including on the following points:

- Stronger mutual accountability is crucial to the behaviour change needed to achieve the other key objectives of the Paris Declaration and the Accra Action Agenda as well as the development results to which they contribute. Major determinants of its effectiveness are mutual trust and respect, shared objectives and values, and independent monitoring.
- Progress to date has been inadequate. This needs immediate attention, both to increase country coverage and to transform existing consultative mechanisms into true accountability mechanisms rather than to invent new ones.
- Both country level and international mutual accountability need strengthening, as do links between the two. Regional approaches can also play a constructive role.
- The highest priority is strengthening the role of partner countries. This applies at both the country and international levels, including in Consultative Groups and in the Working Party on Aid Effectiveness.
- Mutual accountability needs to respect and complement domestic accountability. The best mutual accountability mechanisms and development results come from those countries with the strongest domestic accountability mechanisms.
- Mutual accountability has a broader remit, including issues of gender, human rights, environment, and donor commitments on aid volumes.
- Independent review and evidence, most importantly by parliaments and civil society, can strengthen mutual accountability.
- Progress in mutual accountability has been weakest on strengthening the role of parliaments. This must be redressed.
- More support is also needed for the role of Civil Society Organisations (CSOs), as for their emerging efforts to increase their own accountability.
- Transparent information on aid, including for example on Technical Assistance, is vital, as is increased transparency of developing country budgets.

- Good practices worthy of further consideration included international monitoring groups, regional peer reviews, and independent international measures of donor performance. An international effort at documenting and disseminating good practice on mutual accountability would be helpful.

In closing, the co-Chairs, reflecting the sense of the meeting, called for redoubled efforts to meet the target of 100% country coverage and to strengthen existing mechanisms in order to make mutual accountability real. This means carrying out the commitments of the Paris Declaration and the Accra Agenda for Action and, in implementation, going even further. They called particular attention to strengthening the roles of partner countries, including of parliaments and civil society, and using independent evidence at both the international and national levels. And they called for the DAC Working Party on Aid Effectiveness, with equally strong participation by partner countries, to be a champion in this collaborative effort

ROUNDTABLE 5 : SYNTHESIS REPORT

This report is organised in the following sections: Introduction; Framing the Issues; Case Study on Tanzania; Case Study on the East Asia Initiative – Cambodia, Laos, and Vietnam; Discussion from the Floor and Main Points of Consensus.

1. Background

The Paris Declaration, including its provisions on mutual accountability, is about changing behaviour in aid relationships in order to achieve the MDGs and other development objectives. Mutual accountability is the process by which two or more parties-in this case partner countries and donors- hold each other accountable for mutual commitments they have voluntarily made. It includes mechanisms for monitoring, consultation and remedial action. Its success depends on building trust and understanding, shared objectives and values, and independent monitoring. It is a complement to, rather than a substitute for, the primary accountability of both partner country and donors to their citizens. Evaluations at the national and international level show that mutual accountability can have a positive impact on incentives and behaviour of both donors and partner countries and so improve aid effectiveness. In part, this is because it can help get a better accountability balance to support more equal aid relationships.

But the evidence suggests that progress has been too slow. Country coverage of mutual accountability has actually declined and existing mechanisms are often weak. The Synthesis Report of the Evaluation of the Implementation of the Paris Declaration¹⁵ suggests that mutual accountability is the least understood element of the aid effectiveness agenda. It found examples of good practice at national and international level. However, overlaps exist and a great deal needs to be done to spread and strengthen those good practices.. The 2006 OECD DAC Survey on Monitoring the Paris Declaration found that in 2005, 44% of the 34 self selected partner countries surveyed judged that they had mechanisms for mutual review in place. The 2008 follow up survey found that only 24% of the 55 countries participating in the 2nd Round of the survey¹⁶ judged that such mechanisms were in place. Even allowing for results of the Evaluation, which found that mechanisms that could be used for mutual accountability are more widespread than generally realised, the message of this decline is very clear.

The Roundtable on Mutual Accountability sought to explore the underlying reasons why progress on mutual accountability has been too slow, and to identify measures which might strengthen the commitment to, and practice of, mutual accountability. The Roundtable drew on the preparatory consultations and the various workshops, studies and reports which were prepared for the Accra High Level Forum. Participants were provided with a Background Paper which presented the issues arising from the studies, reports, workshops and consultations. A broad reference group was established and provided comments on the various drafts of this background paper.

Roundtable 5 focused on the following key issues:

¹⁵ Wood B. (Team Leader) Kabell, D. Muwanga,N and Sagasti, F. Evaluation of the Implementation of the Paris Declaration, Phase One Synthesis Report (Kabell Consulting ApS)

¹⁶ 2008 Survey on Monitoring the Paris Declaration: Effective Aid by 2010? What will it take Vol 1 overview

- Ensuring a shared understanding of the meaning and scope of mutual accountability;
- Building ownership and enhancing the roles of different stakeholders, especially Parliaments and Civil Society;
- Developing and building on the synergies between domestic and mutual accountability;
- Strengthening the political commitment essential for achieving mutual accountability;
- Contributing to progress in mutual accountability, building on the momentum generated by Accra.

A key note address was delivered by Mary Robinson former President of Ireland and United Nations High Commissioner for Human Rights from 1997 to 2002. This was followed by two Case Studies - the first from Tanzania and the second, a regional example from Vietnam, Laos and Cambodia. A lively discussion then took place and the session finished with a summing-up by the Co-Chairs, Tanzania and Ireland.

2. Framing the Issues

The main points made by Mary Robinson in her key note address are outlined below.

- The Paris Declaration, including mutual accountability, is about changing behaviour in aid relationships in order to achieve the MDGs and other development objectives.
- Partner countries and donors are each responsible to their own citizens for results. Mutual accountability is about building trust and understanding, each partner taking responsibility for achievement of shared objectives and being open to independent scrutiny.
- “Knowledge is power.” Predictability and transparency, on aid and on government budgets, are vital to planning and to results, as is delivering on commitments to increase aid volumes. The responsibility of donors under mutual accountability is to deliver on commitments to provide predictable, untied aid in support of nationally owned development policies and strategies. Partner countries must provide the necessary leadership and the enabling environment to ensure effective use of development resources, including aid, to address development objectives equitably. Aid effectiveness must be seen in the broader context of international agreements -- including human rights, gender equality and the environment – all areas where much more must be done.
- Another key weakness is insufficient involvement of parliaments in development processes at all levels. Parliamentarians can be powerful agents for change. They are well-placed to ensure that national policy processes are inclusive and respond to social and economic realities. Similarly the role of civil society in supporting those whose voices otherwise are not heard and in holding governments to account, needs to be supported and nurtured. Civil society can help provide needed independent evidence on mutual accountability at the country and international levels. At the same time, civil society itself must be accountable. The proposed “Open Forum” for CSO development effectiveness is an encouraging start. The accountability of the private sector, in areas like minerals exploitation, should not be neglected.

- Political leadership is essential if mutual accountability is to become reality. It requires stronger interaction between global, national and local accountability mechanisms. It also requires mutual respect, open and frank dialogue and a sense of collective responsibility for achieving results.
- Mechanisms for improving mutual accountability already exist. Can the Working Party on Aid Effectiveness rise to the occasion and be a champion of mutual accountability? How can partner countries play a much stronger role in the Working Party and in DAC Peer Reviews? How can the Working Party be more closely linked to civil society as well as to donor incentive structures?

She ended her address with the following challenge to participants:

“My challenge to you is to go further than the commitments made in Paris and now, here in Accra. This High Level Forum and the whole Paris-Accra process have the potential to build the momentum for much needed change. The success of this Roundtable and this High Level Forum will come, not in the words we speak, but in the changed behaviour that will improve results on the ground. It’s over to you.”

3. Case Study: The Tanzania Experience¹⁷

In response to deteriorating relations between the government and the donors in the early 1990s, in 1994, the two sides appointed an “Independent Monitoring Group” of senior advisors on management of development co-operation. Their remit was to evaluate serious problems that had arisen in the aid relationship and propose a set of specific solutions. As a result of this work, the two parties agreed to take actions leading to: increased national ownership and government leadership; Government efforts to raise the effectiveness of resource use, domestic and aid-financed, to increase growth and poverty reduction; and greater transparency and accountability in the use of resources. The role of the IMG was gradually institutionalised and refined in several rounds from 1997 to 2005, with the next round to be in 2009.

Mr. Magonya stressed how Tanzania responded to the challenge of dealing with a large number of official donors – twenty six – which together account for over a third of the national budget. This led to multiple procedures, missions and reporting requirements and high transaction costs. Government. Capacity, including time of officials, was required to be spent meeting donor requirements, diverting time from carrying out the Government’s own programs. Government had insufficient ownership of this complex fabric of donor programmes and requirements and so of aid management.

There was agreement that mutual accountability was to be defined as “shared responsibilities and answerability of the Government of Tanzania and donors to domestic stakeholders, and to each other, for their actions in fulfilling their shared commitments in development co-operation and management”. This mutual accountability was guided by the Government’s long-term vision and medium-term development strategies.

The country’s long-term twin Development Visions to 2025 and 2020¹⁸ frameworks lie at the core of commitment to development cooperation. The cooperating parties share responsibility to domestic stakeholders in Tanzania to achieve the Visions’ goals, which are respectively elaborated in the poverty and growth strategies called MKUKUTA and MKUZA in Swahili acronyms. Both strategies reflect the MDGs and provide the basis for alignment of Development Partners’ support to national priorities. Both have been formulated and managed under strong country leadership and ownership, resulting in

¹⁷ Presented by Mr. Ngosha Magonya, Commissioner for External Finance, Ministry of Finance and Economic Affairs, United Republic of Tanzania on behalf of the Permanent Secretary to the Treasury.

¹⁸ Tanzania Development Vision 2025 and the Zanzibar Development Vision 2020.

elaboration of clear aid management frameworks; the Tanzania Assistance Strategy (TAS 2002) and the Tanzania Joint Assistance Strategy (JAST 2006).

Mutual Accountability thus evolves through cooperation to achieve robust growth and poverty reduction, in an environment of good governance and accountability. Government accountability generally is built on a Constitutional Framework that includes (i) Parliamentary oversight of the executive branch of Government; (ii) independent audits by the National Audit Office reporting to Parliament; (iii) the Prevention and Combating of Corruption Bureau established by an Act of Parliament; (iv) an independent Public Procurement Regulatory Authority (PPRA) and a quasi-judicial Public Procurement Appeals Authority (PPAA); and (v) transparent electoral process establishing independent oversight bodies at the national and sub-national levels. The main channels for monitoring MA on donor and government performances are: (i) budgetary and policy review processes, including sector and thematic reviews, Public Expenditure Reviews (PER) and the General Budget Support (GBS) assessment; (ii) the JAST action plan with monitorable indicators; (iii) the Paris Declaration (PD) country surveys undertaken in 2006 and 2008 as part of the global survey, and (iv) the Independent Monitoring Group.

Outstanding MA features in Tanzania were reported as follows:

- a) Strengthening key instruments of domestic accountability. The Parliament was singled out as the most eminent element in MA oversight and monitoring. As an indication of this importance, the Chairperson of the Parliament's Public Accounts Committee participated actively in the Roundtable¹⁹.
- b) Participatory approach to accountability frameworks. This entails systematic involvement of stakeholders in the design and monitoring of policies, strategies, budget instruments and accountability functions. The role of non-state actors, especially CSOs, is notable in this context.
- c) Selected evidence on the status of MA in Tanzania. (i) Overall disbursement on commitments has been good (averaging 80%, with Global Budget Support reaching 90% and projects 70%); (ii) resource predictability has also been satisfactory (90% on GBS, 80% under basket and project funding compared to 100% under domestic resources); (iii) Common assessment of GoT and donor performance of agreed commitments on the PAF in last two annual reviews has been satisfactory, although there is room for further improvement.

A number of challenges were highlighted in the presentation, such as: (i) power imbalance in development cooperation relations between GoT and donors, with little or no GoT influence over donors policies, decisions, or performance (ii) limited transparency in donor off-budget project financing and in supporting NGOs, (iii) reluctance by some donors to use country systems; substantial use of projects, which often use parallel structures rather than country systems; donor focus on their own domestic accountability and internal policies, sometimes resulting in distortions in development management and in the GoT's own domestic accountability; and (iv) weaknesses in the GoT's response, in part linked to insufficient capacity.

¹⁹ By law, the Chairpersons of Committees of Parliament exercising Oversight over Central Government, Local Governments, and Public Enterprises, must be opposition MPs.

4. Case Study: South East Asia – Cambodia, Laos and Vietnam²⁰

The case study started from the basis that a strong framework for mutual accountability is key to the success of aid effectiveness and that studies to develop it have generally been donor-led. In this context, Cambodia, Laos and Vietnam launched the South East Asia Joint Initiative on Mutual Accountability. This initiative aimed to provide recommendations for developing a stronger framework for mutual accountability from the partner country perspective and to provide opportunities for participating countries to engage in peer review and mutual support to help operationalize mutual accountability.

The initiative consisted of four steps: i) self-assessment of country progress on mutual accountability; ii) peer review of country assessments and identification of common challenges; iii) submission of recommendations to the Working Party on Aid Effectiveness and to the Roundtable on Mutual Accountability; and iv) regularized peer exchange to continue to support implementation.

The initiative found that donor headquarters needed to do much more to provide the essential enabling conditions for success in mutual accountability – showing the close link between mutual accountability at the global and country levels. Donors need to support government-led efforts to apply agreed international policy on mutual accountability to locally appropriate country-level action plans. This requires greater delegation from donor headquarters to country offices so that individual donor commitments on aid effectiveness can be established and monitored. Predictability and transparency of aid flows – “knowing what we’ve all got” are crucial. Country level action requires agreement on a set of international standards for quality of aid data and for providing indications of future medium term flows.

At the country level, the initiative identified several key elements of effective “mutual assessments”. These included joint performance frameworks between government and donors – donor by donor – over three to five years, good quality data to analyse and provide evidence on progress toward performance targets, constructive and open dialogue to jointly set and review progress on those targets, support from independent reviews of performance of both donors and government and strengthened capacity for mutual accountability.

A key finding of the initiative was the potential for using regional and peer support as a complement to both the global and country-specific efforts at mutual accountability, and more generally, aid effectiveness. This requires strengthening of capacity of both governments and donors to work on mutual accountability at both the country-specific and regional levels. A regional forum has the advantage of providing a neutral space outside country-specific constraints where peer review and support can be used to identify challenges and solutions.

The initiative strongly supported the finding of the Tanzania case study that use of mutual accountability to promote aid effectiveness required a more equitable balance of partner country and donor voice in the international as well as country-specific arenas. The case study concluded with a call, presaging language of the Accra Action Agenda, for “a future based on a shared commitment to overcome poverty -- a future where no country will depend on aid”.

5. Discussion from the floor and broad points of consensus

The remaining half of the Roundtable was devoted to debate from the floor, which drew substantially on the ideas presented in the keynote address and case studies. They reflected a broad range of views, enriched by a strong input from parliamentarians and civil society representatives from donor and

²⁰ Presented by Mr. Cao Manh Cuong, Deputy Director General, Ministry of Planning and Investment of Vietnam

developing countries. Given the diversity of points of view and of points made, the extent of agreement on the importance of strengthening country-level and international mechanisms of mutual accountability and on key steps needed to do so was striking. The key points that emerged from the discussion were:

- **Stronger mutual accountability is crucial:** Stronger mutual accountability is both important in itself and crucial to the behaviour change needed to achieve the other key objectives of the Paris Declaration and the Accra Action Agenda as well as to the development results to which they contribute. There were repeated references to the importance of strengthening collaborative mutual accountability mechanisms to address the problem of inequality of power and lack of hard enforcement mechanisms available to partner countries. The focus throughout the Roundtable was on how to achieve better results, rather than debating the fine points of definitions and concepts. As the Vice-Minister of Finance from Mozambique stressed, everything that is done on mutual accountability has to be seen in the context of results and outcomes for sustainable social and economic development. Several participants noted that although mutual accountability raises a series of technical, analytic, and bureaucratic issues, it is ultimately a political process. This has practical implications, reinforcing, for example, the need for more active involvement by parliaments and civil society, including the media.
- **Progress to date has been inadequate:** As one NGO representative put it, the “elephant in the room” is the survey results showing a deterioration in the number of countries with functioning mutual accountability mechanisms. This needs immediate attention. Bernard Wood, team leader of the Synthesis Report of the Evaluation of the Implementation of the Paris Declaration, noted that “there is no shortage of platforms”. These include Consultative Groups, for example, and comparable groups at the sectoral level. The issue is making them into effective mechanisms of mutual accountability rather than inventing them from whole cloth.
- **Strengthen the role of partner countries:** Most important to achieving sustainable development results is to strengthen the role of partner countries in mutual accountability mechanisms, domestic and international. Tanzania and Vietnam have shown how this can be done at the country level. But the two case studies have also shown that there is much further to go. As the Tanzania case study put it, “partner Countries need to effectively play the leadership role, and guard it jealously. Donors need to create space for Partner Country leadership; accept and respect that leadership and acknowledge that building the capacity to lead is itself an integral part of the development process.” The role of partner countries also needs to be strengthened substantially in international fora, including in the Working Party on Aid Effectiveness.
- **Link country and international mechanisms:** Both country level and international mutual accountability are needed, with strengthened links between them. For example, the Tanzania and East Asia case studies both emphasized the need for changes in policies of donor headquarters in order to delegate more to their field offices. This would enable them to focus more on mutual accountability – rather than just on their accountability to their own headquarters domestic accountability framework. In some cases this would require donors to seek changes in legislation or rules from their own accountability mechanisms. Both case studies also emphasized the importance of the Working Party on Aid Effectiveness, and of strengthening the voice of partner countries there.
- **Encourage regional co-operation on mutual accountability:** The case study on the East Asia initiative pointed to the complementary role of regional and sub-regional efforts. These can offer a combination of peer review, peer support, and a neutral space to help identify and address challenges. There is also potentially encouraging experience on regional co-operation on mutual accountability in Africa, including the NEPAD Peer Reviews. The regional workshops in

preparation for the Accra HLF had shown the advantages of this kind of mutual sharing of experience, benchmarking, and support.

- **Respect country accountability mechanisms:** Country level mutual accountability needs to respect and support local accountability structures. As the evaluation report indicates, the best mutual accountability mechanisms and development results come from those countries with the strongest domestic accountability mechanisms.
- **Respond to a broader remit:** Mutual accountability has a broader remit, including issues of gender, human rights, environment, and donor commitments on aid volumes. This important theme, which had been put forward strongly, as cited above, in the keynote address, was reflected again in the case studies and open discussion. For example, several participants noted the importance of addressing gender issues as an explicit part of accountability mechanisms; more specifically, gender budgeting, gender analysis and gender auditing were practical tools that could help mutual accountability lead to development results. The Vice Minister of Finance of Mozambique emphasized the importance also of meeting commitments on aid volumes.
- **Stop neglecting parliaments:** Progress on mutual accountability has been weakest in relation to the role of parliaments, which are the key mechanism of democratic accountability. Brendan Howlin, Deputy Speaker of the Irish Parliament, and Vice President of AWEPA²¹ made this point forcefully, applying it to both partner and donor countries. He noted the potential for further progress in dialogue between partner-country and donor country parliamentarians, as well as the relevance of parliaments in addressing issues such as corruption and encouraging more transparency by both partner countries and donors. A participant from Nepal referred to parliaments as “agents for democratic accountability”. She pointed to the active interest of the women’s caucus in the Nepalese Parliament on gender and aid effectiveness issues. As the Chairperson of the Public Accounts Committee of Tanzania put it, parliaments need “to be involved in what is agreed outside.” Participants called attention to the relative roles of CSOs and parliaments, which should be complementary, as well as to issues of transparency and accountability of parliaments.
- **Support the role of civil society:** The emphasis on an enhanced role for civil society that was reflected in the High Level Forum as a whole came through strongly in the Roundtable, with several participants noting the importance of Civil Society Organisations (CSOs) in mutual accountability. The Secretary General of Care International pointed out that sometimes there is only “token participation” of NGOs, with little financial support, and that they are often rebuffed as just critics that are messy to deal with.
- **Encourage CSO’s own accountability:** Both government and civil society participants stressed that CSOs also needed to address issues of their own accountability, including on transparency and access to information. There was encouragement of the new effort by CSOs, as part of the follow-up of the CSO Advisory Group, to do so. Justin Kilcullen, President of CONCORD²², noted the large amounts of aid flowing through NGOs and the importance of accountability of Northern NGOs, including to Southern NGOs. An adviser from the Ministry of Finance of the Democratic Republic of Congo (DRC) pointed out the link to ongoing efforts at accountability of the private sector, referring to the ILO initiative on transparency in extractive industries.

²¹ Association of European Parliamentarians for Africa

²² The European Confederation of NGOs for Relief and Development.

- **Integrate independent review and evidence:** There were repeated suggestions to make use in mutual accountability mechanisms, at country and international level, of independent review and evidence. For example, Co-Chair Mugisha Kamugisha of Tanzania referred to use of the Commitment to Development Index of the Center for Global Development. And both the Tanzania and East Asia case studies had pointed to the use of independent monitoring groups appointed jointly by the concerned and donors. There were also complementary suggestions for support from governments for training in investigative journalism and for more transparency in information made available to citizens. An international NGO representative proposed systematic independent monitoring at the international, national and local levels. It was also suggested that the findings on mutual accountability of the Evaluation of the Implementation of the Paris Declaration might be a subject for deeper analysis in phase two of the evaluation.
- **Make information on aid transparent:** Transparent information on aid, including for example on Technical Assistance, is vital, as is increased transparency of developing country budgets. As an NGO representative from Indonesia pointed out, this includes transparency on contracts and auditing, including on tied aid. Others made a similar point about transparency on conditionality; in this connection, participants noted the need for conditionality to be minimized and to support government programmes rather than to impose external conditions on them.
- **Strengthen and use capacity:** Strengthening capacity for mutual accountability was a recurrent theme of the Roundtable. This applied to government ministries, parliaments, civil society, including the media, and also to donor staff. It is also important to make effective use of capacity that is already in place, for example, in civil society. Capacity development was seen as an integral part of these other efforts. The role of donors was to support government-led programmes for capacity strengthening, rather than launching separate capacity-development projects.
- **Identify and spread good practice:** Much of the Roundtable focused on identification of good practices in mutual accountability. As pointed out in the Tanzania case study, there is no one approach that is suitable to all countries; rather the assessment of needs and responses must start from the specificity of each country. But looking at what works and why can be helpful in seeing when and how good practice can be spread. Examples, cited above, include independent monitoring groups at the country level, independent international ratings, transparency, and regional mechanisms. The suggestion was made that an international effort at documenting and disseminating good practice on mutual accountability would be useful; this might be carried out by one or more existing think tanks with expertise in mutual accountability.

These conclusions were consistent with, and complementary to, the agreements on mutual accountability in the Accra Action Agenda, which was issued the following day. The Roundtable urged the Working Party on Aid Effectiveness to carry forward the recommendations from the Roundtable and the agreements on mutual accountability in the AAA – and more generally, so that at the next HLF MA is no longer the orphan of aid effectiveness.

In closing, the co-Chairs, reflecting the sense of the meeting, called for redoubled efforts to meet the target of 100% country coverage and to strengthen existing mechanisms in order to make mutual accountability real. This means carrying out the commitments of the Paris Declaration and the Accra Agenda for Action and, in implementation, going even further. They called particular attention to strengthening the roles of partner countries, including of parliaments and civil society, and using independent evidence at both the international and national levels. And they called for the DAC Working Party on Aid Effectiveness, with equally strong participation by partner countries, to be a champion in this collaborative effort.

ROUNDTABLE 6 : THE ROLE OF CIVIL SOCIETY IN ENHANCING AID EFFECTIVENESS

Summary

The aim of Roundtable 6 was to build upon the work of the Advisory Group on Civil Society and Aid Effectiveness (AG-CS). The AG-CS is a multi-stakeholder group reporting to the Working Party on Aid Effectiveness (WP-EFF), which led an extensive consultation process, analytical work, and case study work in the 18 months preceding the Accra High Level Forum (HLF3).

Roundtable 6 had three objectives:

- to consolidate a shared understanding and recognition of the roles that civil society organizations (CSOs) can play in development, and in advancing the aid effectiveness agenda;
- to discuss actionable ideas on CSO effectiveness; and
- to develop a sense of momentum around a forward agenda for multi-stakeholder dialogue and action between now and the next HLF.

Significant progress in advancing the subject of civil society in the aid effectiveness agenda had already been achieved prior to RT6. This progress was reflected in several ways:

- in the WP-EFF endorsement of the AG-CS' *Synthesis of Findings and Recommendations*,
- in the importance accorded to CSOs in paragraph 20 and other parts of the draft AAA,
- in the relatively high level of CSO representation in HLF3, and
- in the frequent acknowledgement of CSOs by other stakeholders in plenary sessions and other roundtables during the HLF.

A first point of consensus to emerge from the AG-CS process and RT6 itself was a clear recognition of the many roles of civil society, and of the importance and value of CSOs as development actors in their own right and as aid recipients, donors and partners. Stakeholders expressed an interest in collaborating more closely with each other and including CSO effectiveness as a topic worthy of serious attention.

RT6 and subsequent discussion among stakeholders highlighted the necessity to build on the momentum that has been generated by working towards implementation of the recommendations emerging from the AG-CS. This forward agenda will require an international effort involving donors, governments, and CSOs, and shared leadership for different aspects of this work. It includes four elements, the first three of which address CSO effectiveness:

1. Working together to provide a more enabling environment for CSOs (e.g. promotion and protection of rights, legislation and taxation regulations, space for multi-stakeholder dialogue) and appropriate models of donor support (e.g. core support, long-term commitments, responsive funding), based on existing and evolving models of good practice.

2. Work on how CSOs can develop more effective CSO partnerships, including North-South, South-South, global networks, and national umbrella organizations. While this will generally be the purview of CSOs themselves, there would be merit to further multi-stakeholder effort on this subject, as there are implications for donor and government policies and practice.
3. Support for the CSO-led Open Forum for CSO Development Effectiveness. This independent process merits targeted donor and government support, and includes a multi-stakeholder component. Efforts will be required to ensure a linkage with HLF4.
4. Preparing the ground for CSO engagement in HLF4, ensuring that a multi-stakeholder perspective on CSO effectiveness is a major theme of HLF4.

ROUNDTABLE 6 : SYNTHESIS REPORT

1. Background

The rationale for Roundtable 6 (RT6) on the Role of Civil Society in Enhancing Aid Effectiveness was to consolidate the work of the Advisory Group on Civil Society and Aid Effectiveness (AG-CS). The AG-CS was launched by the Working Party on Aid Effectiveness (WP-EFF) in January 2007 to address three emerging issue areas in relation to civil society and aid effectiveness, in the pursuit of three outcomes:

Better understanding and recognition of the roles of civil society organizations (CSOs) as development actors and as part of the international aid architecture, and engagement of CSOs in general discussions of aid effectiveness (**recognition and voice**)

1. Improved understanding of the applicability and limitations of the Paris Declaration for addressing issues of aid effectiveness of importance to CSOs, including how CSOs can better contribute to aid effectiveness (**applying and enriching the international aid effectiveness agenda**)
2. Improved understanding of good practice relating to civil society and aid effectiveness by CSOs, by donors and by developing country governments (**lessons of good practice**).

Extensive consultations sponsored by the AG-CS and dialogue with the WP-EFF and the HLF3 Steering Committee, helped to forge increased understanding and agreement in relation to these outcomes. Results of this growing consensus were reflected in the draft AAA and the AG-CS' *Synthesis of Findings and Recommendations*. RT6 provided an opportunity to recognize progress to date in achieving these outcomes, air any remaining differences, and chart a forward agenda so that results of the consultative process over the previous 18 months can be translated into action.

Roundtable participants were provided with the following documents, all of which were made available on the AG-CS extranet site prior to the Roundtable (<http://web.acdi-cida.gc.ca/cs>, by registration):

- Synthesis of Findings and Recommendations (available in English, French and Spanish)
- Overview of the AG-CS Findings and Recommendations (2 pages in table format)
- An Exploration of Experience and Good Practice – A Reference Document
- Civil Society and Aid Effectiveness Case Book

2. The Structure of Roundtable 6

RT6 was co-chaired by Stephen Wallace, chair of the AG-CS and Vice-President of CIDA and AG-CS member Tony Tujan, who is Chair of the Reality of Aid Network, and Director of IBON Philippines.²³ They were supported by an independent facilitator, Suzanne Taschereau, and seven panel speakers. An estimated 150 participants attended the roundtable, with approximately 55% CSOs, 25% donors, and 20% developing country governments. The facilitator sought a balance of interventions from the floor from each of these stakeholder groups.

RT6 was divided into two parts. The first part focused on the promise and possibility of greater CSO involvement, including practical examples, issues and obstacles, and proposed solutions. The objectives of part one were:

- to consolidate a shared understanding and recognition of the roles that CSOs can play in development, and in advancing the aid effectiveness agenda;
- to discuss actionable ideas on CSO effectiveness with a focus on:
 - strengthening the enabling environment,
 - improving models of donor support, and
 - reinforcing CSO partnerships

The second part focused on possibilities for the forward agenda. The objective of part two was:

- to develop a sense of momentum around a forward agenda for multi-stakeholder dialogue and action between now and the next HLF, including the following:
 - action-oriented discussions at the country level,
 - piloting of good practices,
 - engagement in an international CSO-led multi-stakeholder process on CSO effectiveness, and
 - the integration of CSOs and CSO effectiveness as an integral part of any future processes and agreements on development and aid post-Accra.

RT6 began with opening remarks from the co-chairs who set the context, summarizing key points of agreement, emerging possibilities, and remaining differences.

To help provide a common ground of understanding, RT6's facilitator, *Suzanne Taschereau*, quoted the definition of CSOs from the AG-CS' *Synthesis*. Based on this definition, participants were asked to identify themselves by stakeholder group through a show of hands. While a little under half of the participants were from donors or governments, it was clear that a common bond existed among most of the participants as a result of some sort of engagement with CSOs in the past or in terms of current volunteer activities.

Suzanne Taschereau then launched the first portion of the roundtable by inviting participants from different stakeholder groups to share concrete examples of CSOs' roles in development and aid. Four

²³ One of the intended co-chairs, Ms. Sahana Pradhan, former Minister of Foreign Affairs of Nepal, was unable to attend, and was replaced by Mr. Tujan.

external experts then spoke in a facilitated panel exchange intended to provide a sense of vision to guide the deliberations.

The first two panellists, *K.Y. Amoako*, head of the African Center for Economic Transformation and chair of the developing country Contact Group established for HLF3, and *Kumi Naidoo*, Honorary President of CIVICUS, provided a historical view of civil society and cited important examples of CSO contributions to development.

The other two panellists, *Adriana Mejia*, Colombia's Vice-Minister of Foreign Affairs, and *Tomas Brundin*, Deputy Director of the Department for Development Policy in the Ministry for Foreign Affairs of Sweden, then spoke to obstacles and challenges.

Participants were asked to share their views on what needs to be done for civil society and CSOs to contribute to their highest potential, by pointing to examples of favourable enabling environments, supportive donor models, and CSO partnerships.

Part two of RT6 focused on the forward agenda. This part began with presentations by *Réal Lavergne*, AG-CS member and Senior Analyst on Aid Effectiveness in CIDA, *Bakary Doumbia*, President of the Malian CSO umbrella FECONG, and *Liz Steele*, AG-CS member representing CONCORD and CARE International.

Participants were asked to consider which of the ideas presented most inspired them, and to suggest how stakeholders could organize themselves to work on these ideas. The co-chairs closed with a summary of key points, focusing on the forward agenda.

3. Outputs of RT6

Results achieved prior to the roundtable

The AG-CS entered RT6 having already made significant progress toward its goals. This was reflected in the draft AAA, the WP-EFF's endorsement of the *Synthesis of Findings and Recommendations*, and the clear recognition of CSOs in many of the statements made in plenary and in earlier roundtables during the HLF. The AG-CS consultation process itself provided a space for CSO voices to be heard in the dialogue leading up to Accra.

The two RT6 co-chairs launched the proceedings by providing a snapshot of the AG-CS process and of the emerging consensus in terms of increasing recognition and voice for CSOs in the aid and development dialogue.

Stephen Wallace spoke of the breadth of the AG-CS consultations, which involved participants from all over the world, upwards of 3500 organizations, and 5000 representatives from four stakeholder groups (developing country CSOs, Northern CSOs, developing country governments, and donors). He stressed the multi-stakeholder nature of the AG-CS process, and the emerging recognition of the quantitative and qualitative importance of CSOs as development actors and aid partners.

Tony Tujan noted the interest on the subject of civil society and aid effectiveness, not just from CSOs but from donors and governments as well, as evidenced by the over 900 registrants to the multi-stakeholder portion of the CSO Parallel Forum on September 1st, more than double the number expected. He considered that, "the hallmark of Accra has been the CSO process, and the inclusiveness of this HLF." He drew attention to the strong language of recognition encapsulated in the AAA, but stressed the necessity of addressing outstanding donor and government concerns that could impede implementation of the AAA's commitments. He indicated the readiness of CSOs to accept this challenge.

Roles and voice

RT6 helped to further consolidate a shared understanding of the roles of CSOs as development and aid actors. Indeed, the impression that one derives from RT6 and from HLF3 more broadly is that the importance of CSOs roles and voice is no longer a subject of debate in the multilateral development and aid dialogue. This understanding was buttressed in RT6 by examples provided by participants from each stakeholder group of important roles played by CSOs, ranging from CSOs' watchdog and accountability role to that of service delivery.

K.Y. Amoako highlighted the importance of civil society in shaping Africa's transformation over the past half century. He reminded participants that, "civil society was critical in moving Africa to where we are today." CSOs played an important role in the independence struggle, and after independence, civil society was integral to opening up the democratic process, engaging in dialogue and debate in the face of dictatorships, and advocating for structural adjustment with a human face. He argued that the centrality of civil society to Africa's transformation today merits additional attention. CSOs can contribute to greater social inclusiveness in growth and public policy, through their roles in public service provision, in grassroots mobilization, and as advocates.

Kumi Naidoo, Honorary President of CIVICUS, reminded participants that, "the citizen is the basic building block of civil society." Increasingly CSOs engage at the global, national, and local levels simultaneously as they seek to influence international institutions and policy while also operating nationally and locally. He added that, "we need both good civil society and good government, and we need to create the basis for them to work together creatively to address poverty." He noted that the predominant roles played by CSOs have evolved, and that there is now greater emphasis on civil society's roles in policy dialogue and good governance.

He provided several examples of CSOs from the North and South working together to good effect, including the land mines campaign and on debt cancellation. He added that governments and CSOs can achieve great things by working together. He noted that CSOs provide a source of "free policy intelligence" that should be mobilized to the best effect possible, and gave the example of the Domestic Violence Act in South Africa, the first draft of which was written outside of parliament by women's CSOs. He called for greater attention to the enabling environment, arguing that there are 40 countries in the world where the trend is towards fairly restrictive NGO legislation.

Contributions from the floor further affirmed the importance of CSOs' roles and voice:

- *Nouhou Arzika*, President of the *Mouvement citoyen de la République du Niger* spoke of how CSOs were able to reveal misappropriation of funds through their monitoring of the Basic Education Program.
- *Terri Hasdorff*, USAID Centre for Faith-Based and Community Initiatives, highlighted findings of a 2007 WHO survey that showed that between 30% and 70% of the health infrastructure in Africa is currently operated by faith-based organizations, depending on the country. A 2006 Gallup poll of 19 Sub-Saharan African nations found that faith-based organizations were the most trusted category of institution.

Obstacles and challenges

Speaking to obstacles and issues of concern that might reduce space for CSOs to act and speak as independent development actors, *Adriana Mejia* advocated an openness to dialogue of a constructive, non-confrontational character. She drew attention to the important role that CSOs had played in defining the

very character of democracy in Colombia through the organization in 1991 of a national constitutional assembly that emerged from the student movement and was very inclusive, including women's groups, political parties, ethnic groups, even members of former guerrilla groups. This assembly led to the inclusion of the principle of participation in Colombia's constitution. She noted that Colombia has faced great challenges of violence, the existence of armed factions, inequities, and poverty linked to the drug problem, but has made great strides in overcoming these obstacles in large part because the government is open to dialogue with civil society, and upholds the principle of participation, with widespread consultation on most decisions, including in drafting the national development plan.

Tomas Brundin drew attention to the challenge of CSO legitimacy. He noted that in the World Bank's study *The Voices of the Poor* (Deepa Narayan et al, 2000), the category of CSO that was found to have the highest level of credibility and legitimacy was funeral associations. Though these organizations may not be formally registered, they are owned by their members, and deliver an important service. He considered it a strength of the current process that CSOs were prepared to be more transparent about their own weaknesses, and encouraged them to further explore challenges of transparency, coordination, harmonization, aid dependence, and representativeness. He considered that HLF3 represents a huge advance in recognizing CSOs as development actors in their own right, and applauded the strong representation of CSOs in Accra compared to Paris.

Tony Tujan noted a remaining challenge in the question of how to create space for inclusive civil society engagement. CSOs can coordinate among themselves to consolidate their voice, but such efforts are futile if space at international, national and local levels is absent.

CSO effectiveness

Examples from the floor also helped to identify actionable ideas on CSO effectiveness targeting the enabling environment, donor models of support, and CSO partnerships. It was clear from participants' contributions that many initiatives are underway in these areas, but that more work is needed to learn from good practices and address bottlenecks.

The enabling environment

A representative from the Government of Egypt, *Talaat Abdel-Malek*, argued for action on the enabling environment at two levels in Egypt. The first requirement is for a legislative review, which the Government is undertaking in close collaboration with CSOs, as current legislation has been deemed too restrictive. The second requirement is a change of mindset to ensure that emerging legislation is interpreted and implemented in a positive way to give CSOs the necessary space to function. He saw two further challenges for CSOs in Egypt: the need for capacity development, and the need for quality standards and better organization and knowledge-sharing among CSOs themselves.

Subsequent interventions reinforced these points. A representative from the Peruvian International Cooperation Agency, *César Jordán*, expressed that interest in strengthening the enabling environment for CSOs is tied to an interest in promoting greater CSO accountability. From their perspective, the voice of civil society should be the voice of people with no voice – the poor. CSOs need to ensure they are responsible and accountable to the poor and to their governments. He added that The Peruvian Government wants to work together with civil society to make the most of scarce resources from international cooperation by promoting better practices and results-oriented procedures. In pursuit of this objective, it has developed a model of management excellence for non-government development organizations.

Emmanuel Akwetey, Institute for Democratic Governance in Ghana, suggested that increased recognition of CSOs in Accra will be inconsequential if it is not accompanied by an increasingly "effective

interface” between governments and civil society, based on an acknowledgement that both operate in the public sector and share that space. In his view, it is the problematic character of this interface that constitutes the principal challenge to CSO effectiveness in policy dialogue, since the current relationship is one in which governments see CSOs as confrontational. As he put it, the government perception of CSOs is “someone in the street with a placard who does not get it.” So, the challenge of establishing an “enabling environment” is not just about the legislative framework. It is also about willingness and capacity to engage in constructive dialogue on the part of both CSOs and government.

Other participants supported these points, emphasizing that confidence and trust need to be built up on both sides. *Adriana Mejia* drew attention to the London-Cartagena-Bogota process of dialogue and joint policy development, that has not been without difficulties, but that helped to build trust and pave the way for longer-term systematic dialogue.

Tony Tujan raised an outstanding issue that influences attitudes toward civil society, having to do with the political role of CSOs. The AG-CS’ *Synthesis* notes that while there is a growing understanding that CSOs are involved in the politics of development by virtue of their advocacy and watchdog roles, legitimacy for CSOs depends in part on the non-partisan nature of their political engagement.

Donor models of support

Both DAC donors and developing country governments shared their experience with mechanisms of support to CSOs and civil society strengthening.

Norway’s *Berit Fladby* mentioned the Nordic + initiative on multi-donor support for civil society at country level. Based on a seven-country study, this group of donors has agreed on a set of principles to guide their civil society support, and invites other donors to participate in piloting efforts that are now being launched.

An appeal was made by *Anne-Sophie Gindroz*, Alliance Sud (the Swiss NGO National Platform), for funding mechanisms that preserve CSO diversity and their ability to be responsive to emerging issues, and to the priorities of their constituents. She pointed out that many CSOs operate in “survival mode”, and the necessity of competing for resources is not conducive to greater coordination and alliance building among them.

Examples of specific initiatives to support CSOs included the following:

- *Marie-Odile Blanc*, French Ministry of Foreign and European Affairs, spoke about the EU-led Charter to support local governance. This multi-stakeholder initiative promotes coherence and complementarity between European development actors (government, CSOs, local authorities, private sector) and their counterparts in developing countries in order to improve application of the Paris Declaration at local levels.
- The Government of Austria and neighbouring European Union countries (the EU12) co-finance a regional partnership program of capacity building of national NGO platforms. Also in place is a “triad” program providing a platform of exchange and training between traditional donors and emerging donors from the region.
- The Government of Serbia has put in place a Social Innovation Fund for local groups to work with citizens to solve problems at the community level.

- USAID has seen tremendous success in expanding partnerships with CSOs through innovative approaches like the Faith-Based & Community Initiative and the Global Development Alliance. The Center for Faith-Based & Community Initiatives was established to help faith-based and community organizations become more familiar with USAID and to compete more competitively for USAID funds. It is guided by a "three C" model of compassion, capacity, and collaboration, and seeks to build relationships across organizations within the faith and secular community.

CSO partnerships

A number of CSO partnership issues were raised, including:

- the challenge of CSO coordination to achieve greater synergies and division of labour among CSOs, and the need for efforts to strengthen CSOs partnerships, including North-South, South-South, global networks and national umbrella organizations;
- the importance of CSO accountability as a key topic that CSO partnerships could and should address;
- the need for CSO capacity development in areas such as their own governance, and ways to dialogue with government.

Again the issue of CSO diversity arose, with cautions to donors and government against forcing coordination and harmonization on CSOs that may have no natural affinity.

However, efforts at greater coordination among CSOs are already underway. *Vagn Berthelesen* provided the example of Alliance 2015, a coalition of large European NGOs that began a process of merging their efforts in 2000. While the process has not been without challenges, the coalition has reached over 1,000 partners and led to significant benefits such as:

- broader knowledge and skills base,
- stronger advocacy campaigns,
- harmonized funding for projects,
- reduced transaction costs,
- shared evaluations.

There was widespread appreciation for the CSO Open Forum initiative for addressing CSO effectiveness, in which the subject of CSO partnerships will be a central topic.

Forward agenda

Through these various interventions, the RT pointed to a high level of interest and helped to identify examples of existing initiatives upon which to build in the 3 years remaining until HLF4.

The AG-CS' recommendations for the forward agenda were presented by *Réal Lavergne* in his presentation of the AG-CS' *Synthesis of Findings and Recommendations*. He noted that these recommendations represent the culmination of the AG-CS process, although the proposed forward agenda requires further thought to define the best modalities to continue working together. He pointed to two companion documents, the AG-CS' *Reference Document* and *Case Book*, which serve to illustrate that the recommendations are grounded in reality. Four action areas are proposed:

- A multi-stakeholder approach to strengthening civil society,
- Piloting good practice,
- Support for the CSO-led process on CSO development effectiveness,
- Inclusion of CSOs and CSO effectiveness in future processes on development and aid.

Speaking of the national consultations in Mali as an example of good practice that other countries might emulate, *Bakary Doumbia* stressed how this process set the path for more permanent spaces for multi-stakeholder dialogue. CSOs have further organized themselves to improve representation of civil society in the country. Donors have established a thematic group on civil society, which will engage with CSOs on a regular basis. A joint funding mechanism for civil society capacity development is also being established.

Liz Steele, AG-CS member for CONCORD and CARE International, presented the CSO-led Open Forum for CSO Development Effectiveness, a two-year process to begin in January 2009, with leadership from a Global Facilitation Group. This initiative grew out of the AG-CS consultation process, based on a strong sense among CSOs that the Paris Declaration principles, developed between donors and governments, cannot simply be applied to CSOs. This ambitious and historic initiative will create a learning space from which common frameworks and tools to develop CSO effectiveness principles and guidelines will emerge, building on the AG-CS' recommendations and other processes. In order to be genuinely locally owned and context-relevant, the Open Forum process of dialogue will be as important as its final output. Support for this process from donors and governments is recommended in paragraph 20b of the AAA. Participants expressed widespread appreciation for this initiative.

Sufficient momentum was generated to spur further dialogue about various elements of the forward agenda after the RT had ended. In particular, a number of bilateral discussions among donors following the RT led to expressions of interest in working together to work on the enabling environment and donor models of support, as announced in paragraph 20c of the AAA.

4. Conclusions

RT6 helped to advance the aid effectiveness agenda by bringing CSOs and issues related to CSO effectiveness squarely into the agenda. Looking forward, there are several lines of work to pursue, enthusiasm for which was stoked by RT6 and subsequent discussions. The first three lines of work address the three components of CSO effectiveness identified in the AG-CS' *Synthesis of Findings and Recommendations* and taken up in RT6: the enabling environment, models of donor support, and CSO partnerships.

1. Working together to provide a more enabling environment for CSOs (e.g. promotion and protection of rights, legislation and taxation regulations, space for multi-stakeholder dialogue) and appropriate models of donor support (e.g. core support, long-term commitments, responsive funding). This might require the establishment of a coordinating multi-stakeholder body to facilitate, monitor and report outcomes and findings for input into HLF4 and the organization of communities of practice on specific themes to enhance learning across countries.
2. Work on how CSOs can develop more effective CSO partnerships, including North-South, South-South, global networks, and national umbrella organizations. While this will generally be the purview of CSOs themselves, there would be merit to further multi-stakeholder effort on this subject, as there are implications for donor and government policies and practice.

3. Support for the independent CSO process, the Open Forum for CSO Development Effectiveness. As a key CSO feature of the AAA, this independent process merits targeted donor and government support, and includes a multi-stakeholder component. Efforts will be required to ensure a linkage with HLF4.
4. Preparing the ground for CSO engagement in HLF4, ensuring that a multi-stakeholder perspective on CSO effectiveness is a major theme of HLF4.

An over-arching conclusion of the RT was that the paradigm of the aid effectiveness agenda is changing and will continue to change in the coming years, as it evolves from a principally technical perspective to a more political one. Participants welcomed the fact that the focus of the discussion had evolved from a focus merely on aid to one more broadly concerned with development.

ROUNDTABLE 7 : AID EFFECTIVENESS IN SITUATIONS OF FRAGILITY AND CONFLICT

Summary

Roundtable 7 was organised to review progress in implementing the Paris Declaration within the particularly challenging contexts of situations of fragility and conflict. The meeting represented a step change in the dialogue between donors and governments in developing countries and helped to significantly advance the aid effectiveness agenda. The discussions in Accra benefited from a preparatory meeting held in Kinshasa in July 2008 which resulted in the adoption of a *Kinshasa Statement* which sets out **for the first time a consensus between donors and partner countries on priority actions in situations of conflict and fragility**. The Roundtable took this one stage further to set out a series of jointly agreed next steps to deliver the AAA commitments relating to situations of fragility and conflict. The meeting agreed to prioritise the following actions:

(i) **Monitoring the Principles for Good International Engagement in Fragile States and Situations**

The AAA commits donors and partner countries to advance and monitor the implementation of the DAC Principles. Agreements at the Roundtable took the first steps to make this happen: **monitoring will start with the DRC, Afghanistan, Timor Leste, Central African Republic and Sierra Leone**.

This agreement is important as it commits donors and partners, for the first time, to track progress on issues such as, security and development, policy coherence between diplomatic, security and development actors and resource allocations to situations of fragility.

(ii) **Addressing peacebuilding and state-building priorities**

While the MDG's are a central concern in fragile situations—where a third of the world's poor live—in many cases the basic foundations for development are just not in place. In Accra it was agreed that in order to make progress—and to demonstrate progress—work is needed on the preconditions for achieving the MDGs by addressing state building and peace building needs.

The AAA sets out the need to define state-building and peacebuilding objectives, at country level and internationally. The Roundtable launched an **international dialogue**—led by DRC and France—to make this a reality.

For donor countries, a set of common goals on state building will also be instrumental to ensure that different policy communities (diplomatic, security, development) within their governments jointly support peacebuilding and state building. A senior officials meeting on whole-of-government approaches in situations of fragility and conflict will be hosted by Switzerland, 19-20 March 2009.

(iii) **Improving the Delivery of International Assistance for the reduction of Fragility and Conflict**

The Roundtable discussed several key constraints that need to be overcome in order to improve the international response in situations of fragility and fragility, in particular during the period immediately

following conflict. Engagement is often too slow and donors lack the capacity to respond rapidly. There is also little clarity on how to transition from humanitarian to development-related approaches.

The AAA commits donors to make **funding modalities more flexible and rapid and conduct joint assessments of governance and fragility in situations of fragility and conflict.**

The Roundtable supported the establishment of an **ad-hoc working group, composed of interested donors, partner countries, multilateral Institutions and the OECD** that will consider how to improve funding policies, priorities and mechanisms to support more effective multilateral and bilateral support to countries recovering from conflict.

ROUNDTABLE 7 : SYNTHESIS REPORT

Co-Chairs

| | | |
|--|--|---|
| H.E. Olivier Kamitatu Minister for Planning Democratic Republic of Congo | H.E. Alain Joyandet Minister of State for Cooperation & Francophonie, France | Ms. Zeinab El Bakri Vice President African Development Bank |
|--|--|---|

1. Background

In a globalised and interdependent world, situations of fragility and conflict need special attention because of the security, stability and poverty reduction challenges they present – to each country domestically, on their regional surroundings and in the broader international sphere. Effective and sustainable development in such situations requires different approaches from those typically used by donors in more stable low or middle income countries.

The DAC Principles for Good International Engagement in Fragile States and Situations were designed to complement the partnership commitments of the Paris Declaration on Aid Effectiveness. They set out ten priorities to help international actors foster constructive engagement between national and international stakeholders with a view to building effective, legitimate and resilient state institutions capable of engaging productively with their people to promote sustained development. To date, systematic dialogue between donors and partners on these themes has been limited.

In line with the overall objective of the Accra HLF 3, Roundtable 7 was organised to review progress in implementing the Paris Declaration within the particularly challenging contexts of fragility and conflict. The objective was to provide an opportunity to i) deepen the dialogue on how international engagement can contribute to development, peace and the building of resilient states and ii) to agree on specific follow up activities beyond Accra.

The Roundtable was designed to progress the implementation of the Accra Agenda for Action (AAA) commitments for countries in fragile situations (see paragraph 21), including i) to conduct joint assessments of governance, capacity and fragility; ii) to agree on a set of realistic peace- and state-building objectives at country level and launch an international dialogue on such objectives, iii) to provide demand-driven, tailored and co-ordinated capacity-development support for core state functions and for early and sustained recovery; iv) to work on flexible, rapid and long-term funding modalities; v) to monitor implementation of the Principles for Good International Engagement in Fragile States and Situations.

The Roundtable was structured in three sessions and featured a panel of 3 or 4 speakers from partner country governments, donor and multi-lateral agencies as well as civil society representatives. Following presentations from the panel, there was an opportunity to intervene and raise comments from the floor. Specifically, the sessions discussed the following:

- **Session 1** addressed the challenges of achieving ownership, harmonisation, alignment and managing for results in situations of fragility and conflict, including in contexts of protracted

crisis. It discussed how to monitor progress in the implementation of the Principles for Good International Engagement in Fragile States and Situations.

- **Session 2** discussed the benefits of agreeing and supporting peace building and state building objectives at the country level to guide joint efforts between partner countries and donors, and considered ways to institutionalise a donor-partner dialogue at the international level.
- **Session 3** looked at practicalities for improving the delivery of international assistance in situations of conflict and fragility, notably coherence of approaches and division of labour among donor countries, as well as resource requirements and funding instruments.

Each session was informed by a discussion note which contained background information, questions, concrete proposals and next steps. Panellists were invited to comment on these proposals in their interventions.

Discussions at the Roundtable benefited from a **preparatory meeting held in Kinshasa, Democratic Republic of Congo (DRC)**, on 1 and 2 July. The meeting in Kinshasa was attended by donors, partner countries and civil society representatives. It resulted in the adoption of a *Kinshasa Statement* which set out a consensus between donors and partner countries on priority actions. This included agreement (i) to monitor the implementation of the Principles for Good International Engagement in Fragile States and Situations; (ii) to launch an international dialogue on objectives for peacebuilding and state building; (iii) to strengthen joint partner country – donor strategic frameworks, integrate peacebuilding and state building with development objectives and set up appropriate mechanisms to jointly monitor progress; and (iv) to improve donor funding modalities, particularly in the early recovery phase.

Following the preparatory meeting in Kinshasa, the Roundtable was a first in bringing together a large group of partner countries and donors to discuss aid effectiveness in situations of fragility and conflict.

2. Overview of Discussion and Outputs

Introduction

The three Roundtable Co-chairs welcomed participants to the Roundtable and emphasised the importance of discussing the particular challenges of aid effectiveness in situations of fragility and conflict.

In his opening remarks, President Donald Kaberuka, African Development Bank emphasised that fragile states would not constitute a permanent group of countries but that countries would temporarily experience fragility. To help countries overcome fragility, donors need to adjust their instruments, be innovative, demonstrate flexibility and be willing to take risks.

He suggested that applying the principles of the Paris Declaration in fragile situations is crucial to reduce transaction costs for partner countries and to ensure that resources are channelled to a country's priority sectors. At the same time the DAC Principles for Good International Engagement in Fragile States and situations provide an important complement.

President Kaberuka underlined the importance of early and rapid response, being innovative and using different approaches to enhance the delivery of support because “the cost of inaction is very high”. He outlined the African Development Bank's new secondment facility and using non-sovereign entities to bridge the capacity gaps on the ground while using on the job training techniques to build local capacity.

Session 1: Addressing Situations of Fragility and Conflict: the Paris Declaration and Beyond

Background

The Paris Declaration is not always applicable in a straightforward manner in fragile and conflict-affected situations²⁴. Realising full ownership may be challenging, and aligning and harmonising assistance behind a nationally-agreed set of development priorities may not always be possible. The state's capacity to take forward priorities may also be extremely weak. Medium-term results are more likely to focus on state building, peacebuilding and conflict prevention, as building blocks towards longer-term development and the MDGs.

Recognising that there are specific aid effectiveness challenges in situations of conflict and fragility, the Paris Declaration included the Principles for Good International Engagement in Fragile States and Situations ("the DAC Principles") in draft form. The DAC Principles were later developed and refined through country pilots and endorsed by OECD DAC Ministers in April 2007. This included the commitment to extend the application and implementation of the Principles to all situations of fragility and conflict.

The DAC Principles go beyond the Paris Declaration in two ways. First, they seek to identify specific issues that arise for improving aid effectiveness in fragile situations. Second, they emphasise the importance of the wider agenda of peacebuilding and state building, encompassing the role and significance of non-aid instruments of engagement and the coherence between security, diplomatic and development communities.

The Principles do not involve mutual commitments between development and country partners. They relate specifically to the need to improve donor behaviour and provide a guide to do so. Monitoring progress in the implementation of the Principles can assist this and help to improve and adapt international engagement to context. Monitoring also provides an opportunity to disseminate, and learn from, successful approaches and good practice on the ground.

Session one was designed to discuss the particular aid effectiveness issues and challenges in situations of fragility and conflict and assess the application of the Paris Declaration in such contexts. A second objective was to discuss how to advance and monitor progress in the implementation of the Principles for Good International Engagement in Fragile States and Situations – a commitment in the AAA (§ 21-e).

Main discussion points

The session was chaired by Ms. Zeinab El Bakri, Vice President, African Development Bank.

H.E. Anwar-ul-Haq Ahady, Minister of Finance, Afghanistan started his presentation by emphasising the importance of aid effectiveness in a country like Afghanistan. There are concerns that the large injection of resources is failing to translate into development outcomes. He described how aid effectiveness priorities had gradually developed and evolved over time in Afghanistan: aid predictability was the first priority in 2004, while a stronger lead role of the international community was acceptable due to the collapse of the state. Today, however, the management of technical assistance and realising ownership and alignment are key aid effectiveness concerns. With state structures being more developed and a PRSP in place it is vital to make Afghan ownership more visible.

²⁴ For a comprehensive discussion on the subject, please see Oxford Policy Management/the IDL Group: *The Paris Declaration on Aid Effectiveness: Its Applicability in Fragile Situations and conflict-affected Countries*, 2008.

H.E. Ahady welcomed the DAC Principles as an important complement to the Paris Declaration and emphasised the importance of “state building as a pre condition to any form of economic development” in fragile and conflict affected countries. A state-building process would have to begin with building the legal, financial, economic and employment sectors in order to build confidence in, and legitimacy of, the government. Channelling aid resources through the government budget can be an important contribution as it strengthens institutional capacity and the legitimacy of government. Any state-building process also needs to put in place accountability mechanisms and transparency.

Ms. Henrietta Holsman Fore, Administrator, USAID emphasised that the development community has started to develop models and approaches that are adapted to fragile situations given that “fragile states have a set of challenges that are unique”. The elaboration of the DAC Principles has been an important step forward and reflects that the model of aid effectiveness in situations of fragility is evolving. The US Government has adopted a whole-of-government approach to better respond to crisis situations and support Security Sector Reform initiatives. A civil response corps for immediate deployment in post-conflict zones is also being created.

Ms. Fore highlighted the importance of prioritising women in situations of fragility who often suffer most during and after conflict. USAID has positive experiences with public-private partnerships in situations of fragility and conflict. Such arrangements often prove to be faster and more flexible than traditional approaches.

Building on the previous contributions Mr. Jörg Frieden, Deputy Director, Swiss Agency for Development and Cooperation, highlighted particular challenges for donors to deliver aid in early recovery and fragile situations. Projects need to be conflict-sensitive and regularly adapted to an often changing situation and environment. A particular area of concern is the security of development workers and staff. Donor programmes need to address the causes of conflict and require a careful choice of implementing agencies.

Mr. Frieden emphasised the difficulty of aligning with government or prioritising state building in a context “where the state may be part of the problem”. In such cases peacebuilding rather than state building should be the priority for donor engagement. The participation of civil society and delivering aid through non-state actors is critical in such situations. Similarly, increased dialogue with all stakeholders and ensuring widespread participation in identifying development priorities is a prerequisite to ensure the sustainable implementation of development programmes.

Interventions from the floor recognised the importance of effective coordination and cooperation between security, development and diplomatic actors as an additional aid effectiveness challenge in fragile situations. Transitions from war to peace and from humanitarian aid to development assistance were identified as particularly important.

- **Next Steps:** The meeting expressed strong support for the *Kinshasa Statement* and the agreement in the AAA to monitor the Principles for Good International Engagement in Fragile States and Situations as a form of mutual accountability. **Sierra Leone, Central African Republic, Afghanistan, Timor Leste, and Democratic Republic of Congo** expressed their agreement to take part in the monitoring of the DAC Principles. A methodology will be developed to reflect country specific needs and preferences.

A senior officials meeting will be held in Geneva, Switzerland on 19-20 March 2009 to discuss whole-of-government approaches in situations of fragility and conflict.

Session 2: Development Effectiveness in Situations of Fragility and Conflict: Addressing peacebuilding and state-building priorities

Background

The only current internationally agreed framework for measuring the results of development assistance is the Millennium Development Goals (MDGs). Current assessments show that the countries most off-track to reach the MDGs are those affected by fragility and conflict. In these contexts, achievement of the MDGs depends on progress being made on a number of interim objectives, particularly national state-building and peacebuilding processes. The restoration of security, peace and stability; the establishment of functioning institutions and basic administrative capacity; the re-building of the trust and confidence of society in the state; and the protection and participation of women are pre-conditions for development and aid effectiveness.

This was recognized at the Millennium Review Summit in September 2005, where world leaders agreed that “development, peace and security and human rights are interlinked and mutually reinforcing.”

The 2005 Summit also stated clearly “the need for a co-ordinated, coherent and integrated approach to post-conflict peacebuilding and reconciliation with a view to achieving sustainable peace”. In response, the UN Peacebuilding Commission was created to support peacebuilding efforts and has been mandated to develop peacebuilding strategies in four countries so far.

However, there are a number of other contexts where a more coherent strategy focused on peacebuilding and state-building objectives would help to improve the impact of development assistance. At the preparatory meeting for the Accra HLF Roundtable 7, held in Kinshasa on 1-2 July 2008, there was strong support from partner countries to advance an international dialogue on these issues.

Session 2 was designed to discuss how, at country level, donors and partners can agree and work to a set of limited, realistic and coherent peacebuilding and state building objectives that address the root causes of conflict and fragility and ensure the protection and participation of women. A second objective was to discuss concrete ways to advance an international consensus building process between partner countries and donors on such objectives as prerequisites for achieving the MDGs. Both items are included as a commitment in the AAA (§ 21-b).

Main discussion points

The session was chaired for the DRC by H.E. Olivier Kamitatu.

Ms. Sally Fegan-Wyles, Senior Advisor on Post-Crisis Coordination, UNDP, identified country specific strategic frameworks, developed locally, with the right input from all actors at the right time as the key to effective international support. Strategic frameworks should allow the international community to engage from the earliest stages and build on increasing national ownership. Experience so far underlines the need for peacebuilding and state-building frameworks to become platforms for integration. International support should build on existing national priorities and strategies such as Poverty Reduction Strategies and use them as the starting point. Peacebuilding and state-building objectives and benchmarks, once agreed, should subsequently be integrated into existing strategic frameworks, so that there is only one set of priorities at any one time. A focus on peacebuilding and state building should not lead to competing priorities.

Ms. Fegan-Wyles expressed the need for an ongoing international debate on peacebuilding and state building that engages with partner countries and non-DAC donors and builds on country experience. Speaking on behalf of the UN system, she supported the option suggested in the discussion paper, where

the UN's Peace Building Support Office would form a partnership with OECD/DAC to support an ongoing conversation between member states on the issues. She cautioned the meeting to recognize that peacebuilding and state building are not the same. There are important complementarities and also sometimes tensions between the two.

Finally, Ms. Fegan-Wyles, highlighted the importance of capacity development for peacebuilding and state building as a basis for national ownership.

In her intervention, H.E. Clotilde Nizigama, Minister of Finance, Burundi, provided a country perspective on the challenges of addressing peace and state-building priorities in country-level strategies. In the case of Burundi, the existence of a peacebuilding strategy and a PRSP has meant that there are two strategic frameworks with different priorities, planning processes and modalities for monitoring and evaluation. While the UN Peace Building Fund (PBF) had been quick to become operational, the absence of PBSO staff on the ground has hindered rapid decision-making and flexible adaptation of the instrument to the changing country context.

In his intervention, Dr. Amos Sawyer, Chair of the Center for Democratic Empowerment, Liberia drew attention to the role of civil society in peacebuilding and state building. Partnerships in fragile states need to go beyond government and donor partnerships and should include civil society. Dr. Sawyer pointed to the central role of civil society organisations (CSOs) working on gender issues as being “critical for transcending fragility” and called for the implementation of UN Security Council Resolution 1325. CSOs could also play an important role in trauma work and community healing as part of peacebuilding processes. Finally CSOs have a role to play in monitoring fragility and should be involved in the monitoring of the DAC Principles.

H.E. the Minister for Development Co-operation of the Netherlands, Mr. Bert Koenders, indicated that the Paris Declaration principles apply with even more vigour to fragile situations but that instruments and modalities have to be adapted to the often more challenging context. This requires innovative, flexible and rapid approaches and a willingness of donors to take risks. At the same time donors need to remain humble about what external actors can achieve. Donors have to reflect on their internal organisation and adapt it for effective engagement in fragile situations. Supporting complex state-building and security sector reform processes requires whole-of-government approaches.

A starting point for donor involvement is joint analysis of context, leading to a joint strategy of sequenced and prioritised activities - not all urgent needs in fragile states can be dealt with at the same time. State building is an overall priority in fragile situations and donors should be careful not to undermine this process, for example by poaching local staff. Achieving country ownership requires donors to recognise the important role of civil society partners, promoting their ‘voice’ and the development of the social contract.

Referring to the *Kinshasa Statement*, H.E. Koenders highlighted the need to build robust partnerships that can generate trust. He supported a structured dialogue on peacebuilding and state building and offered support.

Interventions from the floor pointed to the importance of strengthening state-society relations as a critical aspect of state building. Youth has a particular role to play in this regard and needs to be targeted in aid programmes.

- **Next Steps:** Following proposals from the Roundtable Co-Chairs and expressions of support from the panellists, the meeting welcomed the idea of launching an international dialogue on

peacebuilding and state-building objectives. DRC, France and the Netherlands expressed their willingness to lead on this process and a preparatory meeting will be held in late 2008/early 2009.

Session 3: Improving the Delivery of International Assistance for the Reduction of Fragility and Conflict

Background

In recent years, the international community has spent significant time and effort in improving its response to situations of fragility and conflict. Some progress has been made in improving the quality and efficiency of humanitarian and longer-term development assistance but less progress has been made in the 'early recovery' phase as countries emerge from war or other crises. The international community has yet to address the transition from humanitarian to development-related assistance, and the sequencing and prioritisation of different inputs.

There are several key constraints that would need to be overcome in order to improve the international response in the period immediately following conflict. Existing modalities for engagement (i.e. PCNAs, MDTFs etc) require lead time to be operationalised, and are normally only mandated once there is a peace agreement signed. Furthermore, there are human and technical capacity constraints and challenges related to differences in donor procedures that can block broad-based and rapid engagement to provide a peace dividend. Finally, there are obstacles in the way the international system approaches peacebuilding and state building, which requires a more comprehensive and integrated approach across the international system involving political, security, humanitarian and development actors while being adapted to the specific context of each country.

Session 3 was designed to discuss how to strengthen common approaches and improve division of labor among donor countries, and how to better address resource requirements in situations of fragility and conflict through the use of existing, improved or new funding instruments. The AAA commitments concerning donor agreements to conduct joint assessments on the causes of conflict, fragility and insecurity (§ 21a) and to work on flexible, rapid and long-term funding modalities (§ 21d) provided valuable context for this discussion.

Main discussion points

The session was chaired for France by H.E. Alain Joyandet, Minister of State for Development Co-operation and Francophonie, who noted the need for donors to achieve a better division of labour, behind an overall strategy in line with partner country priorities. He also noted the priority of making better use of existing financial instruments (especially for crucial security related expenditures) while finding more flexible ways of funding the early recovery phase.

Speakers from developing countries identified several problems at country level. In the case of Timor Leste, a 'protracted-crisis', according to H.E. Emilia Pires, Minister of Finance, there were difficulties in developing 'mutual respect, partnership and trust' with donors who still competed with each other and remained largely unconcerned with aid effectiveness principles. The Government of Timor Leste and donors are confronted with a balancing act: how to meet the long-term challenge of strengthening state institutions while also addressing the more immediate need to meet popular expectations for improved living conditions and service delivery. In the case of Sierra Leone, 'a post-conflict country with a risk of coming back to war', according to H.E. David Carew, Minister of Finance, institution building should have been a core feature of the early recovery period. Since then, a proliferation of NGOs and the duplication of donor resources and efforts had become problematic.

In terms of improving aid modalities for addressing post-conflict situations, complementary views were offered by two donors. Ms. Obiageli Ezekwesili, Vice President for the Africa Region at the World Bank, considered that results had been already achieved on strengthening common approaches between the IFIs, the UN and key donors, with some challenges remaining - the creation of Regional MDTFs and engaging China and India, for instance. Progressing work on joint assessments was not a technical question but a question of political will. Ms. Nemat Shafik, DFID's Permanent Secretary, highlighted three early recovery 'gaps' in strategy, capacity and financing. On the latter issue, cumbersome donor procedures were holding back progress. The provision of support over two years after the peace agreement had been signed in South Sudan illustrated the point.

- **Next Steps** : Following proposals from the Roundtable Co-Chairs, the meeting supported the idea that an **ad-hoc Working Group, composed of interested donors, partner countries, UN agencies (including PBSO) and the OECD**, would be established during the Early Recovery Practitioners' and Policy Forum in Denmark (October 2008). It would be charged with assessing existing mechanisms (MDTFs etc.) and defining practical ways for improving flexible, rapid and long-term funding and engagement modalities for addressing post-conflict situations.

3. Conclusions

In conclusion, the Roundtable advanced the aid effectiveness agenda significantly. The meeting represented a step change in the dialogue between donors and governments in developing countries. The discussions in Accra benefited from a preparatory meeting held in Kinshasa in July 2008 which resulted in the adoption of a *Kinshasa Statement* which sets out **for the first time a consensus between donors and partner countries on priority actions**. The Roundtable took this one stage further to set out a series of jointly agreed next steps to deliver the AAA commitments relating to situations of fragility and conflict.

In his report from Roundtable 7 to the Ministerial plenary on Thursday 4th September, H.E Bert Koenders, Minister for Development Cooperation in the Netherlands provided selected highlights from the Roundtable presentations and discussions. The DAC Principles for Good International Engagement in Fragile States and Situations were thought by all to provide a key framework for aid effectiveness in these challenging environments as a complement to the Paris Declaration. **Now is the time to start implementation**. For donors, a new risk taking and flexible approach is required in these situations and opportunities have to be taken. More can be done to staff-up donor's field operations and empower local decision-makers. Priorities include the need for more systematic monitoring of progress; state building and peace building must be central to our efforts with serious engagement with parliaments and civil society throughout. Mr. Koenders concluded that time is not on our side; we have to act fast, be committed and accountable.

The meeting agreed to prioritise the following three actions:

(i) **Monitoring the Principles for Good International Engagement in Fragile States and Situations**

The AAA commits donors and partner countries to advance and monitor the implementation of the DAC Principles. Agreements at the Roundtable took the first steps to make this happen: **monitoring will start with the DRC, Afghanistan, Timor Leste, Central African Republic and Sierra Leone.**

- **Next steps**: other partner countries to volunteer at a meeting in late 2008/early 2009 between partner countries and donors. DAC Network on Fragility and Conflict will progress implementation.

This agreement is important as it commits donors and partners, for the first time, to track progress on issues such as, security and development, policy coherence between diplomatic, security and development actors and resource allocations to situations of fragility.

(ii) Addressing peacebuilding and state-building priorities

While the MDG's are a central concern in fragile situations—where a third of the world's poor live—in many cases the basic foundations for development are just not in place. In Accra it was agreed that in order to make progress—and to demonstrate progress—work is needed on the preconditions for achieving the MDGs by addressing state building and peace building needs.

The AAA sets out the need to define state-building and peacebuilding objectives, at country level and internationally. The Roundtable launched an **international dialogue**—led by DRC and France—to make this a reality.

- **The next steps** will be a meeting in Paris late 2008/early 2009. This will be the first collective forum for both donors and partner countries to agree on priorities in situations of fragility and conflict.

For donor countries, a set of common goals on state building will also be instrumental to ensure that different policy communities (diplomatic, security, development) within their governments jointly support peacebuilding and state building. A senior officials meeting on whole-of-government approaches in situations of fragility and conflict will be hosted by Switzerland, 19-20 March 2009.

(iii) Improving the Delivery of International Assistance for the reduction of Fragility and Conflict

The Roundtable discussed several key constraints that need to be overcome in order to improve the international response in situations of fragility and fragility, in particular during the period immediately following conflict. Engagement is often too slow and donors lack the capacity to respond rapidly. There is also little clarity on how to transition from humanitarian to development-related approaches.

The AAA commits donors to **make funding modalities more flexible and rapid and conduct joint assessments of governance and fragility in situations of fragility and conflict.**

The Roundtable supported the establishment of an **ad-hoc working group, composed of interested donors, partner countries, multilateral Institutions and the OECD** that will consider how to improve funding policies, priorities and mechanisms to support more effective multilateral and bilateral support to countries recovering from conflict.

- **Next step:** the Early Recovery Practitioners' and Policy Forum in Denmark in October 2008 will take this process forward.

ROUNDTABLE 8 : ENHANCING RESULTS BY APPLYING THE PARIS DECLARATION AT SECTOR LEVEL

Summary

The Roundtable 8 session was divided into two parts:

Part One: ‘Analysis of the most important factors necessary to successfully achieve results when applying the Paris Declaration at sector level’ included four thematic structured discussions, followed by open debates: 1. Agreeing on priorities: Placing poor people at the centre of sector plans and frameworks for results. 2. National systems and sector programmes – mutual benefits and the importance of inter-institutional relationships. How to avoid SNAPs (Sector Narrow Approaches)? 3. Placing capacity at the core of sector development: How do we ensure an integrated and demand-driven approach to capacity development at sector level? 4. Getting serious about using country systems and prioritising alignment over harmonisation: Do we need a non-proliferation treaty on aid modalities?

Part Two: ‘Proposals and commitments for 2011 and beyond’ included three open debates on: 1. Broadening ownership beyond sector ministries. Are partner country actors prepared for an inclusive and transparent sector dialogue based on results? 2. Moving the focus from conditionalities to mutual accountability for results. 3. Matching sector reform with development partner reform - addressing incentive flaws and knowledge gaps.

The debate largely echoed the conclusions of the widely consulted RT8 Outcome Document final draft (as circulated prior to the Accra HLF-3), with important additional viewpoints and experiences also related.

The Roundtable 8 process concluded that the following 10 points are fundamental to the enhancement of sector development effectiveness:

1. Donors and their aid are not the centre of the development universe. Change from an aid delivery to a sector development perspective.
2. The Paris Declaration principles apply equally to all sectors – but one size does not fit all.
3. Move from focus on inputs and conditionality to mutual accountability for results.
4. Be practical about planning. If consensus on a ‘perfect plan’ is proving elusive, be prepared to start implementing, measure results and improve plans through use.
5. Place capacity and institutional development at the core of sector programmes and strategies. But avoid treating technical assistance (TA) as the single solution.
6. Prioritise alignment over harmonisation (of procedures) between donors.
7. Don’t turn SWAPs into SNAPs (Sector Narrow Approaches).

8. Promote pragmatic mechanisms for democratic ownership and stakeholder involvement at sector level.
9. Match sector reform with “development partner reform”. Focus on relevant knowledge and incentives for all actors.
10. Address incentives and the political economy of sector development - don't shy away from the real problems.

Roundtable 8's conclusions reinforce the commitments laid out in the AAA, especially in relation to the achievement of development results and poverty reduction, broadening ownership, promoting division of labour, increasing transparency and accountability and changes in the nature of conditionality.

ROUNDTABLE 8 : SYNTHESIS REPORT

1. Background

Roundtable 8 was co-chaired by the Department of the Presidency of Honduras and the Swedish International Development Cooperation Agency (Sida/Asdi). It fulfils the purpose of drilling down from the macro level to analyse and summarise how the Paris Declaration has been applied in order to enhance results in the health, education, agriculture and infrastructure sectors. As such its remit covers all of the Paris Declaration principles – ownership, alignment, harmonisation, managing for development results and mutual accountability - and the extent to which they have been practiced jointly and coherently in specific sectors to date.

Roundtable 8 approached this task through an extensive consultation and information gathering exercise drawing on: OECD/DAC work streams relating to relevant sectors; working groups dealing with cross-cutting issues; experiences and cases shared at the HLF-3 preparatory consultation meetings; and other studies, research and experiences shared by partner country representatives, development partners, research institutions and other practitioners. The key questions that Roundtable 8 sought to answer throughout this process were as follows:

- To what extent have the Paris Declaration principles been applied at sector level in the respective sectors, and what are the key factors necessary for success as well as the main bottlenecks and challenges?
- What are the similarities and differences between the different sectors in terms of progress and challenges, and what can sectors learn from each other?
- What additional steps and measures are needed to enhance aid and development effectiveness at sector level?

In order to document advances in these findings and disseminate and build consensus on possible ways forward, Roundtable 8 developed an “Outcome Document” and accompanying consultation process designed to draw out key specific issues within the roundtable theme that evoked disparate views and that should be further discussed at the Roundtable 8 session at the Accra HLF-3. This process led to the identification of the following major themes and their specific application at sector level (each receives a chapter in the Roundtable 8 Outcome Document):

1. **Stakeholder involvement and democratic ownership.** Ownership issues within sector programmes beyond central government and the involvement of other key stakeholders – such as parliaments, civil society and the private sector - in planning, implementation and monitoring and evaluation (M&E).
2. **Realistic plans, results frameworks and mutual accountability.** The complex nature of sector planning, budgeting and monitoring processes and the joint efforts required to unite all actors behind realistic operational sector plans and coordination frameworks, improve these plans with time through effective monitoring of their implementation, and employ precise, comprehensive mutual accountability mechanisms to ensure that all actors fulfil their agreed roles.

3. **Alignment and harmonisation.** Contrast between advances in harmonisation between donors and shortcomings in alignment with partner country (sector) strategies and systems. Only through adoption and use will these partner country strategies and systems be strengthened.
4. **Capacity development, institutional reform and technical assistance.** The need for a common understanding of sector context and its modus operandi in order for sector development results to be achieved. Necessity of needs-based capacity development and institutional reform plans within sector programmes and space for sequencing of reform initiatives. Attention to potentially sensitive areas such as incentives, civil service reform and other issues relating to sector “political economies”.

In preparation for the Roundtable 8 session, the final draft of the Roundtable 8 Outcome Document and the annexes prepared by OECD/DAC work streams for the corresponding sectors were widely disseminated prior to the event. Furthermore, the Outcome Document will be further revised following HLF-3 in order to incorporate interventions made during the session. A finalised version of the document will be made available during October 2008.

Short presentation of how Roundtable 8 was carried out

The Roundtable 8 session took place in Accra on the morning of Wednesday 3rd September and was chaired by Mr Ricardo Arias, Vice Minister of the Presidency of Honduras, and Mr Anders Nordström, Director General of Sida/Asdi, Sweden.

Furthering developing the key themes treated in the Outcome Document, the objective of the RT8 session was to highlight specific pertinent issues, illustrate good practice and attempt to provoke a lively debate on issues where further progress is clearly necessary.

The session was divided into two parts. Part One focussed on analysing the most important factors necessary to successfully achieve results when applying the Paris Declaration at sector level, as well as key bottlenecks and ways of overcoming them, and was divided into four debates. Part Two was oriented towards highlighting specific issues and further developing concrete proposals and commitments to take the agenda forward, and was divided into three debates. The titles and panellists relevant to each debate are listed below:

Part One: Most important factors necessary to successfully achieve results and key bottlenecks and ways of overcoming them.

1. Agreeing on priorities: Placing poor people at the centre of sector plans and frameworks for results
 - Mr. Pierre Jacquet - Chief Economist at the French Development Agency (Afd) and Chairman of Povnet.
 - Hon. Ms. Géraldine N. Bitamazire - Minister of Education and Sports, Uganda
 - Ms. Sarojeni V. Rengam - Executive Director, Pesticide Action Network (PAN-AP)
2. National systems and sector programmes – mutual benefits and the importance of inter-institutional relationships. How to avoid SNAPs (Sector Narrow Approaches)?
 - Ms. Joy Phumaphi - Vice President of Human Development at the World Bank
 - Dr. Andrew Cassels - Director a.i. Health Systems Governance and Service Delivery, WHO

3. Placing capacity at the core of sector development: How do we ensure an integrated and demand-driven approach to capacity development at sector level?
 - Mr. Nicholas Burnett - Assistant Director-General for Education, *UNESCO*
 - Mr. Francis Bougaïre - General Manager of Water Resources, Ministry of Agriculture, Hydraulics and Fisheries, Burkina Faso
 - Dr. Edward Addai - Director for Policy, Planning and Evaluation, Ministry of Health, Ghana
4. Getting serious about using country systems and prioritising alignment over harmonisation: Do we need a non-proliferation treaty on donor involvement and aid modalities?
 - Hon. Mr. Marlon Brevé - Minister of Education, Honduras
 - Prof. Richard Mkandawire - NEPAD Agriculture Adviser and CAADP representative
 - Ms. Valentine Sendanyoye Rugwabiza - WTO, Geneva

Part Two. Three debates looking forward and developing commitments and proposals for 2010 and beyond

1. Broadening ownership beyond sector ministries. Are partner country actors prepared for an inclusive and transparent sector dialogue based on results?
2. Moving focus from conditionalities to mutual accountability for results.
3. Matching sector reform with development partner reform - addressing incentive flaws and knowledge gaps.

Part One of the RT8 session included prepared interventions by each of the panellists wherein their differing insights into the corresponding issue were set before the floor. Further interventions and replies from relevant panellists were then invited after debates 2 and 4 and the floor were also invited to give comment and propose questions to the panel after debate 4.

Part Two took a more open format wherein all session participants, including panellists, had the same right to intervene on the topics pertaining to each of the three debates.

Selected interventions made in each debate are included in the outputs relating to each of the Roundtable 8 Outcome Document major themes and are detailed below.

Core issues and cross cutting issues

The core issues put forward by partner countries in the build up to Accra were taken into account at all points of the Roundtable 8 process and in all chapters of the RT8 Outcome Document. They constituted the core of the debate at the RT8 session in Accra. The conclusions of the final draft of the RT8 Outcome Document (as circulated prior to the Accra HLF-3) and the session itself, are generally in line with partner country perspectives on these core issues.

Throughout the RT8 process, attention has been drawn to the necessity of including the environment, human rights and gender equality in an operative manner at all stages of sector programmes - from planning through to monitoring and evaluation. The RT8 Outcome Document details examples of how CSOs and other non-state actors have played vital roles in furthering democratic governance, accountability, innovation, the quality of results and issues linked to gender equality, human rights, and the environment at sector level.

Outputs for each of the main areas of focus

Further information with regard to the references, examples and studies referred to below is available in the RT8 Outcome Document. Please note that two of the major themes identified by Roundtable 8: ‘2. *Realistic plans, results frameworks and mutual accountability*’ and ‘3. *Alignment and harmonisation*’ have been merged in this section for the sake of brevity and as they are intimately linked.

The ways forward listed under each theme are a result of the extensive consultation process and information gathering conducted by Roundtable 8. Discussion at the roundtable session in Accra demonstrated that these ways forward can be considered reasonable points of departure for the road forward to 2010 and HLF-4.

2. Stakeholder involvement and democratic ownership

Specific background at sector level

- Ownership issues within sector programmes have, to date, focused mainly on central government. Other key stakeholders – such as parliaments, civil society and the private sector – have not been sufficiently involved in planning, implementation and monitoring and evaluation (M&E). Civic participation is an essential aspect of development. Where mechanisms are employed that allow citizens voices to be heard in relation to government and the public administration, (sector) development initiatives tend to be more relevant and effective in meeting citizens needs and rights.
- The relationships between the sector ministry and the ministries of finance and planning are of particular importance for the success of sector programmes. Lack of commitment or support from these ministries can create various problems for the sector. For instance, increased transparency of existing external financing to the sector and subsequent inclusion on budget may lead to the sector receiving lower allocations from the Ministry of Finance (MoF).
- Challenges in relation to this broader ownership of sector programmes include the inexistence of inclusive mechanisms, the limited capacity of governments to conduct effective participation exercises, and a reluctance by some governments or ministries to include CSOs and other relevant actors in sector dialogue and M&E. There are several examples of sectors where CSOs and other non-state actors have played a vital role in furthering democratic governance, accountability, innovation, the quality of results and issues linked to gender equality, human rights, and the environment at sector level.

Main inputs of the discussion on this issue at Roundtable 8

- There seemed to be agreement on the proposal to design and apply a “map” of the political economy of the sector from the start of any sector programme. Said map should include relevant ministries other than the sector ministry (eg. finance and planning), parliament, and non-governmental actors. *It should take into account the specific characteristics of the sector and not overlook the fact that many of the very poor live in isolated rural areas and that their voice should be heard and their rights respected.*
- More generally, the need to broaden ownership and accountability mechanisms to include key stakeholders, and ensure that stakeholder participation moves beyond window-dressing was acknowledged by all.

- The need for the global ministries (e.g. finance and planning) in partner countries to better understand the process of changes in aid delivery that the Paris Declaration represents was highlighted. Support by these global ministries to sector ministries is necessary in order to strengthen wider national systems that are not generally within the remit of the latter.

Ways forward

Given the state of play following the Roundtable discussion it can be deemed the following ways forward should receive further attention:

- a) Institutionalisation of mechanisms for effective involvement of key stakeholders.
- b) Participation of relevant stakeholders should be facilitated as concerns resources (e.g. through support to key drivers of change outside government), capacity development and provision of relevant information - especially from the partner Government.

3. Realistic plans, results frameworks and mutual accountability, and 3. Alignment and harmonisation

Specific background at sector level

- Effective sector planning and budgeting must overcome various difficulties and pitfalls, including: (1) the level of ambition of sector plans not matching available resources or previous results; (2) unclear objectives and/or spending priorities; (3) insufficient consideration of existing policies or key stakeholders; (4) excessive donor pressure to define a policy in too short a timeframe; and (5) continuity across government mandates.
- Development of coherent sector plans, budgets, results frameworks and coordination mechanisms has been facilitated on occasion by the existence of macro-frameworks such as poverty reduction strategies (PRS), linked performance assessment frameworks (PAF), and medium-term expenditure frameworks (MTEF). In reciprocal fashion, PBAs at sector level have contributed to highlighting the issue of sustainability of results through strengthening links between sector expenditure programmes and national budgets, and by increasingly linking plans and budgets.
- Cross-sector linkage has been a challenge in several sectors. SWAp initiatives have sometimes had a tendency to become too sector narrow – the so called “SNAP” effect (Sector Narrow Approach). Agriculture SWAps, for example, have found it difficult to establish effective stakeholder coordination mechanisms at sector level reaching beyond the administrative boundaries of ministries of agriculture, into other areas of strategic importance such as trade, infrastructure and finance. The same can be said for links to public institutions responsible for central development issues such as gender equality, human rights, the disabled and the environment, which have so far been insufficiently involved in supporting and monitoring sector-level application of policies relating to these issues.
- A further related cross-sector coordination challenge is the articulation between (vertical) sector programmes and (horizontal) area/geographically focused programmes. Examples exist wherein this has been addressed. Sector planning is sometimes further complicated in sectors such as agriculture and health by a lack of consensus on the role of the state in the sector. Sector actors can learn a lot from the way HIV/AIDS programmes have managed to provide a multi-sector response to the pandemic at country and sub-national levels.

- Joint sector planning processes have contributed to improved coherence and coordination of development interventions at sector level. Advances have been made compared to ‘early generation’ sector plans and budgets, many of which entailed little more than compilation of a list of existing (donor-led) projects in the sector. However, in sectors and countries where ODA constitutes a substantial part of the budget, development of sector plans has often focussed more on attracting external funding (through identification of “funding gaps”) than on producing a realistic, operational management (and/or coordination) instrument for the government.
- There is reliable evidence that plans (and budgets) can be improved progressively when they are genuinely adopted by the government as operational instruments to guide sector actors, when a sufficient number of significant donors in the relevant sector align effectively behind them, and when the planning and monitoring process is increasingly inclusive of relevant actors.
- Joint results and indicators framework have been developed which can assist in selecting relevant indicators and help different actors take part in the monitoring of results. Planning and budgeting tools have been developed to facilitate a more poverty-focused and rights-based analysis of results.
- The establishment of mutual accountability agreements based on results has been especially useful, with specific commitments for all relevant sector actors (incl. all donors regardless of aid modality utilised), within a common framework such as a compact, a code of conduct or similar. Agreements should be monitored on a regular basis, preferably by an independent entity.
- Numerous examples exist to support the case for prioritising alignment over harmonisation efforts: the use of aid modalities that are on-budget, that exclusively employ national procedures and that do not earmark funds (General Budget Support), or that only notionally earmark to a specific sector (Sector Budget Support), are those which best contribute to a “virtuous circle” which strengthens partner country capacities and promotes the right incentives for actors. Despite the advantages of this virtuous circle, practice to date shows that development partners have advanced more in harmonising amongst themselves. Project support remains the dominant ODA delivery mechanism, outweighing the share of total aid of “new aid modalities”.
- The resources spent on design and management of a (harmonised) common fund can crowd out time for policy and results-focussed dialogue, and may be an important factor in explaining the limited progress that has been made in reducing transaction costs. Furthermore, existing domestic systems can be overshadowed and hence remain weak. In such cases, the role of common funds as stepping stones towards increased alignment is questionable.
- Global programmes/initiatives have brought increased financing to the education and health sectors and have speeded up disbursements and supported innovation. Yet in the health sector these programmes have also complicated the task of managing health sectors and implementing sector programmes, through introduction of parallel procedures, earmarking of resources for specific programmes or diseases, and attracting professionals away from the public sector. Nevertheless, some experiences of integrating global funds into overall sector programmes and aligning with national procedures do now exist.

Main inputs of the discussion on this issue at Roundtable 8

- It was highlighted that the purpose of planning is not to create the perfect plan but to create confidence in the plan and to widen the circle of partners involved in the process of preparing and implementing the plan. This needs clarity on inputs from different donors and the results to be

achieved, balance between having an ambitious plan and being realistic and confidence that the inputs will get desired results.

- The need for better and more coherent incorporation of the cornerstones of development: gender equality, the environment and human rights into planning and results frameworks – moving beyond tools and specific projects – was highlighted.
- Taking into account the complexity of the achievement of results (eg. inter-sector and territorial issues), the need to avoid a “sector-narrow approach” (SNAp) was acknowledged. Effective operation at sector level requires looking at a sector as a whole, including relationships between central government and all levels within the system, as well as covering the full range of services and programmes covered by a particular sector. This also requires extension beyond the sector itself to other sectors (an example being HIV/AIDS multi-sectoral strategies), and to look at linkages of the sector to the broader macroeconomic framework.
- Prioritising alignment over harmonisation among donors was stressed, and the need to commence implementation using national systems, as implementation combined with evaluation is the best way of subsequently improving planning processes.
- It was suggested that, when a financing modality is being chosen, partner countries and their development partners should jointly pose the questions: Which modality will contribute most effectively to achieving lasting results? Which will strengthen ownership, institutions and national systems to the greatest degree? How will accountability to citizens and between the partner country and development partners be improved? And, which will reduce transaction costs the most?

Ways forward

Given the state of play following the Roundtable discussion it can be deemed the following ways forward should receive further attention:

- a) Development partners should address their internal regulations, competence and incentive systems so as to promote alignment and partner-country led division of labour. They should simultaneously increase their use of partner country systems and support initiatives to improve/reform these systems.
- b) When a financial mechanism is being selected, a modality using national procedures should be the first option considered.
- c) Partner countries should take a forceful lead in promoting use of national procedures.
- d) Peer pressure is an important incentive. When there is a critical mass of development partners with real commitment to practicing the Paris Declaration principles, peer pressure can be exerted on more reticent development partners.
- e) Global/vertical funds should be designed in such a way that they can be part of national and sector alignment and harmonization initiatives. An analysis of the potential pros and cons should be carried out before any further vertical initiatives are put into practice.

4. Capacity development, institutional reform and technical assistance

Specific background at sector level

- Knowledge and skills development among the actors involved in sector programmes is vital for the enhancement of aid and development effectiveness at sector level. A comprehensive common understanding (shared by all involved actors – government representatives, development partners and other stakeholders) of the overall sector, its programme(s) and actors need to be developed for sector programmes to be successful.
- Training events on SWAps at country/regional level do exist and have contributed substantially to the creation of joint platforms of this type, primarily between governments at sector level and development partners. Learning and training initiatives have not so far included other actors, such as parliaments, CSOs or the private sector, however.
- On the development partner side, staff members are often inexperienced, change frequently and subsequently lack understanding of the sector context. As one partner country representative points out: “Donors should ensure that their staff has at least the same training as the partner country representatives in these areas”.
- Sector ministries often suffer “reform overload”. It has been demonstrated that development partners should not push too hard for unrealistic reform initiatives, but rather allow governments the leeway to sequence reform initiatives, thus making them more realistic and sustainable.
- The political environment of sector reform is also frequently overlooked. Sector development and the implementation of the Paris Declaration are often technically oriented – lacking an understanding of potential resistance to reform.
- There is a need to develop human resources capacity in the long-term, and make sure sufficient qualified hands are available. The roles of national training and higher education institutions cannot be neglected if sustainable results are to be achieved at sector level.
- Joint technical assistance (TA) programmes supporting capacity development seem to lag behind other cooperation areas when it comes to applying the Paris Declaration principles at sector level. Many initiatives exist, but few work satisfactorily. Technical assistance is still often strongly supply-driven.
- There are several good examples of the elaboration of capacity development, reform or (TA/TC) plans based on the needs identified in the sector programme planning process, and mechanisms for coordination and harmonisation of this TA/TC being installed as part of the programme. There are also several experiences at sector level with successful south-south and triangular cooperation (including institutional exchanges).

Main inputs of the discussion on this issue at Roundtable 8

- It was emphasised that plans should be implemented using the capacity that exists and the strengthening of this capacity should be put at the centre of the sector programme. “One-size-fits-all” prescriptions and “big bang” style reforms are to be avoided – as it is demonstrated that they don’t work – and change applied progressively, taking advantage of national experiences and those of similar countries.

- The need for an integrated demand driven approach to capacity development at sector level was stressed. Ownership should be with the country and not with the donor TA programme. TC should not be attached to project support.
- The lack of evidence to support decision-making on how to enhance aid and development effectiveness at sector level was raised. Research and evaluations have important roles to play in developing further evidence of this type. .
- Acknowledgement was made of the vested interests surrounding TA in donor countries.
- It was signalled that the most important aspect of CD for a sector is capacity for policy and programme development and for implementation, rather than the Paris Declaration's focus on financial management, procurement, etc. (although these are also important).
- Capacity development should be provided to all stakeholders, including governments, parliaments, civil society, private sector as well as donors and development partners. A move to budget support led to a decline in technical strengths. A response could be a division of labour among partners.
- It was pointed out that existing capacity is often not utilized. TC can help if there are capacity gaps but not in the case of capacity restraints. In the latter case, a wider public sector reform in institutional change management is needed. The link to the public sector reform is especially important in sectors such as health and education that are the largest parts of the non-military public sector.
- Various instruments/mechanisms are important to discuss CD issues, including technical working groups, joint reviews and joint learning programmes. They assist in strengthening the dialogue between partners. In order to improve review processes we must think about: the role of partner countries' capacities; a frank discussion of TA is important; more attention to processes as well as results is needed; and PD monitoring could be wider (include sectoral indicators).
- Development partner reform processes must accelerate, orientating their structures and incentives towards the achievement of development results and consequent increased aid effectiveness. Donors should focus less on conditionality and inputs, and more on mutual responsibility and accountability for results. Incentive systems should be based on the Paris Declaration pillars rather than any other parameter.

Ways forward

Given the state of play following the Roundtable discussion it can be deemed the following ways forward should receive further attention:

- a) Sustainable institutional capacity development should be an integral part of sector assessments.
- b) Development partners must make sure their competence matches that demanded of partner countries.
- c) Development partners and partner countries should include the emerging good practice related to capacity development and technical assistance in MA frameworks at sector level.

- d) Partner countries should resist pressure to move too quickly with public sector reform initiatives, and concentrate on careful sequencing that is realistic given their capacity levels.

5. Conclusions

The RT8 debate largely echoed the conclusions of the widely consulted final draft of the RT8 Outcome Document with important additional viewpoints and experiences also related. The Roundtable 8 process as a whole identified the following 10 points as fundamental to the enhancement of sector development effectiveness:

- **Donors and their aid are not the centre of the development universe.** Country actors are. All actors involved at sector level must work collectively, accountably and transparently towards development outcomes, and commit to changing their approach “from an aid delivery to a sector development perspective” in order to achieve sustainable results.
- **The Paris Declaration principles apply equally to all sectors – but one size does not fit all.** The approach to applying the Paris Declaration will vary across sectors and between country contexts. Sector actors – donors as well as sector ministries - must improve their understanding of their specific sector context, but not use this context as an excuse not to change their incentives and behaviour.
- **Move from focus on inputs and conditionality to mutual accountability for results.** Instead of applying policy, input or process conditionality, sector actors should agree on a set of results to be achieved, their specific roles and responsibilities in delivering what is necessary to achieve these results (including financing), and hold each other to account on this basis.
- Be practical about planning. If consensus on a ‘perfect plan’ is proving elusive, be prepared to start implementing, measure results and improve plans through use. Sector governments and development partners should encourage realistic operational plans linked to budgets and national development plans (as applicable). Sector actors should focus on results to be achieved, take calculated risks and monitor results closely through a learning-by-doing approach.
- Place capacity and institutional development at the core of sector programmes and strategies – and avoid treating technical assistance as the only solution. Capacity development with a focus on sustainable institutions should be a natural part of a sector programme and its results framework. Mechanisms for demand/needs-based capacity development support, with technical assistance/cooperation as just one element, should be implemented. The capacity development needs of other key stakeholders besides the central government need to be addressed in order to enhance broad ownership and results.
- **Prioritise alignment over harmonisation (of procedures) between donors.** Only by using the pipes can you detect and fix the leaks. Donors should focus on increased alignment with partner country priorities, systems, legislation and implementation mechanisms rather than merely harmonising procedures amongst themselves (e.g. parallel common funds).
- **Don’t turn SWAps into SNAps (Sector Narrow Approaches).** Sector development results also depend on outside actors and sectors. In particular, sector programmes need to be linked to the national budget and the activities and policies of other sectors.
- **Promote pragmatic mechanisms for democratic ownership and stakeholder involvement at sector level.** Broad government ownership and leadership of sector development is vital but not

sufficient. Sector policies should include mechanisms for broad stakeholder involvement, not least at local level. Partner country governments need to be transparent in terms of information sharing, recognise the importance of stakeholder contributions, and engage stakeholders in real, results-based sector dialogue.

- **Match sector reform with “development partner reform”. Focus on relevant knowledge and incentives for all actors.** Development partners must reform their way of doing business, ensure that their staff is qualified and informed, and that they have the time and incentives to engage in results-based dialogue and support to capacity development at sector level. The same knowledge and incentives issues need to be addressed within partner country governments, in addition to other specific technical reforms (PFM etc).
- **Address incentives and the political economy of sector development - don’t shy away from the real problems.** Recognize existing incentives and work with them. Address the reform areas needed for successful sector performance – even if they are not currently highlighted in the Paris Declaration - e.g. civil service reform. Focus on programming reforms in a realistic manner, since over-optimism has often proved counterproductive. To address the political economy of sector reforms, social analysis should, from the design stage of the program, identify the winners and the losers, anticipate resistance, provide for mitigating measures as well as means of strengthening the hand of the drivers of pro-poor change.

ROUNDTABLE 9 : AID ARCHITECTURE

Summary

The Roundtable aimed to stimulate thinking on how to encourage good practice in delivering assistance effectively in the changing environment of an increase in the sources and channels of assistance. In line with the principle of ownership, the Roundtable put particular emphasis on how countries can manage all aid within a harmonized framework and procedures in order to attain maximum development results.

The Roundtable welcomed the growing diversity of providers of development assistance, including contributions from Foundations and civil society organizations. However, it noted that fragmentation of aid arising from multiple sources and channels of assistance was a problem that we had to deal with. The Roundtable focused on development assistance providers which are not members of the OECD-DAC and on Global Program Funds. An overriding message was the need for all types of assistance to be aligned to country priorities and to use local coordinating mechanisms under partner country leadership.

Partner countries saw South-South and Triangular cooperation, including at regional level, as highly complementary to traditional aid. They pointed out that the funding preferences of traditional donors had led to under-investment in infrastructure and the productive sectors, which non-traditional donors had helped to alleviate. Partner countries looked for very similar things from all assistance providers: responsiveness and speed (where non-traditional donors scored well), untying and transparency (where some but not all scored well), predictability, and more broadly respect for the principles of the Paris Declaration, though these had to be adapted to the local context. Countries wanted to see good local coordination of all assistance under their leadership. One basic pre-requisite was transparent information on all flows of assistance, from government and non-government sources.

Global Program Funds also had many positive achievements. But particularly where such funds were large and had a tight focus there were some “side-effects” of earmarking. These needed to be addressed by a good balance between earmarked funds and funds that responded to local needs across the board, and by more integrated approaches, again in line with the Paris Declaration. The aim must be balanced funding within and across sectors and sustainable development at country level (though full sustainability would take an extended period in poorer countries). When new global concerns arose, such as climate change or the food and energy crises, there was a call to “think twice” before creating new global funds or separate aid channels and to give priority to reforming existing institutions to take on new challenges. There was a danger that new global funds would simply re-route existing aid, rather than deliver real additionality.

The above messages are fully in line with paragraph 19 of the Accra Agenda for Action, and with the conclusions of the Issues Paper prepared for the Roundtable.

There is a clear need to continue an inclusive dialogue on aid and development effectiveness beyond Accra both internationally (where both the Development Cooperation Forum and the Working Party on Aid Effectiveness provide valuable spaces) and, in particular, at the partner country level. There should also be a formalised relationship between the OECD-DAC and the Global Programs Learning Group.

ROUNDTABLE 9 : SYNTHESIS REPORT

1. Background

The past few years have seen a very significant increase in international cooperation, in which “non-traditional” **sources** of assistance, both official and private, have become increasingly weighty, even though the “traditional” donors of the DAC remain in aggregate the largest source. It has also seen a significant increase in **channels** of assistance.

What do these changes in the “architecture” of aid mean for aid effectiveness? The thesis underlying this Roundtable was that the widening of sources of assistance of all kinds is very welcome; but that the resulting increase in channels of assistance presents challenges for getting the best results from these efforts. Its purpose was therefore to stimulate thinking on *how to encourage good practice in delivering assistance effectively in the changing environment and how countries can manage all aid within a harmonized framework and procedures in order to attain maximum development results.*

It was decided at the outset that within the numerous changes to aid architecture the focus of the Roundtable would be on two issues of particular significance:

- Official providers of development assistance outside the DAC, including OECD and EU countries not members of DAC, the long-established Middle Eastern Funds, and a growing number of other countries which are either increasing long-standing programs significantly, resuming them after a break or starting them for the first time on a significant scale, many in the form of South-South cooperation.
- “Global Program Funds”, which for the purposes of the Roundtable were defined as international initiatives outside the UN system²⁵ which deliver significant funding at country level in support of focused thematic objectives. Examples include the Global Environment Facility (GEF), which dates to 1991, the Global Alliance for Vaccines and Immunisation (GAVI), 1999, the Global Fund to fight AIDS, TB and Malaria (GF), 2001, and the Fast-Track Initiative for Education Catalytic Fund, 2002. Lessons for aid effectiveness can be shared more broadly, for example with special purpose bilateral initiatives, such as the US President’s Emergency Program for AIDS Relief (PEPFAR), which share some characteristics of Global Program Funds.

It was recognised that other aspects of the changing architecture of aid – notably private sector contributions in all their many forms – were also highly significant, and deserved separate discussion.

The Roundtable drew on the regional HLF 3 consultations and on the activities of the informal working group on non-DAC Providers of Development Assistance, established by the Working Party on Aid Effectiveness (WP-EFF) in November 2007. It also drew on work carried out by the World Bank and

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Within the UN system, there are several Funds and Programs that have mandates analogous to those of global initiatives outside the UN (e.g., UNFPA, UNICEF). They have not been included in the research work that underlies this Roundtable, but some lessons from the research work may well have relevance for them, as well as for thematic funds managed by multilateral institutions with a broad mandate, both inside and beyond the UN system.

the Strategic Partnership for Africa (SPA) over the period 2006-2008 about Global Program Funds at the country level²⁶, and on the work undertaken by the ‘Global Programs Learning Group’²⁷ about how to apply the principles of the Paris Declaration on Aid Effectiveness. The background documentation for the RT included two case studies on South-South cooperation prepared by Brazil and Mexico.

2. RT Structure and Key Interventions

The RT was structured in two consecutive sessions. The first session dealt with official providers of development assistance outside the DAC and the second session focused on Global Program Funds. Each session had four-five lead speakers representing partner countries, donors, and civil society.

Mr. Philippe Le Houerou from the World Bank opened the RT with an overview of the opportunities and challenges presented by the rapidly changing aid architecture. On the positive side, new sources of development finance bring innovative approaches and resources to the table while earmarking of aid flows have helped focus attention on global concerns. On the other hand, the ensuing increased *fragmentation* makes aid management more costly and *earmarking* is not always consistent with country priorities. Mr. Le Houerou underscored the need to reconcile global challenges-- which tend to lead to earmarked funding--with country development priorities. One way to do this is to ensure *balanced funding between earmarked and non-earmarked aid channels*. In addition, it would be important to “*think twice*” before setting up any new funds and apply a clear test of their value added. If new funding mechanisms are necessary, their resources should be channelled through existing implementing agencies. He also stressed the need “broaden” collaboration among all providers of development assistance. A first step and concrete action in this direction would be to ensure *transparent reporting on all aid flows at the country level* -- including those channelled through the private sector and NGOs. Another step would be to promote a broader dialogue on aid effectiveness and to more systematically learn from each other both at country and global levels.

The lead speakers for the first session then addressed the Roundtable. Vice Minister Fu from China noted that China’s experience in fighting poverty is highly relevant for other developing countries. Mr. Fu strongly endorsed the principles of country ownership and alignment and the need to pay attention to sustainability, with a focus on the environment and capacity building. China will continue to support South-South cooperation, based also on the principles of non-interference and mutual benefit, to help meeting the Millennium Development Goals, while also calling on developed countries to deliver the commitments of Monterrey. Mr. Aissi from the OPEC Fund pointed to the longstanding role of Arab development assistance, spanning for over thirty years and their commitment to continue deepening such assistance in future. He saw the procedures of the Middle Eastern Funds as well in line with the Paris Declaration. This included responsiveness to local priorities (for example energy and agriculture), harmonisation, untying and use of host government systems. They welcomed dialogue with all providers of assistance. Mr Romero from Mexico highlighted the importance of triangular cooperation as a way to enhance collaboration between DAC and non-DAC providers of development assistance. He also stressed the importance of regional approaches, as in Central America. Minister Gondwe from Malawi noted that non-DAC development providers were meeting funding gaps in infrastructure and productive sectors, as funding from DAC donors was more concentrated on governance and the social sectors. While this type of assistance is regarded as more flexible, it is often tied and not always fully transparent. Director-General Ho Quang Minh from Vietnam stressed that all donors, whether traditional or not, should accept the Paris

²⁶ See “*Global Program Funds: What have we learned?*” July 2008, Concessional Finance and Global Partnerships Vice-Presidency, World Bank

²⁷ Members of the Group include the Global Environment Facility, the Global Fund to fight AIDS, TB and Malaria, the Global Alliance for Vaccines and Immunization, the Consultative Group for International Agricultural Research, the Fast-Track Initiative for Education, and the Cities Alliance

principles, and use local coordinating mechanisms under partner country leadership. Like the Chinese Minister, he stressed that North-South and South-South assistance should be seen as complementary.

In the debate that followed, speakers recognised the challenges inherent in growing diversity of sources of aid, but stressed that diversity was in itself welcome, and that the challenges should be seen as ‘problems of success’ which could be managed through improved dialogue among all participants, both internationally (e.g. in the ECOSOC Development Cooperation Forum and the Working Party on Aid Effectiveness) and at country level under host country leadership. The complementary nature of North-South and South-South cooperation was stressed by many (including in a written intervention from Brazil), though a case was also made for greater convergence of their sectoral coverage. Several speakers highlighted the value of triangular cooperation. The value of the principles of the Paris Declaration was emphasised, though with the recognition that the Declaration should be seen as a tool for aid effectiveness not as a rigid blueprint. The IMF Deputy Managing Director suggested that greater use of multilateral channels was a way to deal with increased aid fragmentation. Co-Chair Minister Osei, in his summing up, noted that aid effectiveness was not an end in itself, but a vital part of achieving development effectiveness – in which aid should be seen as complementary to the sound use of local tax revenue.

In the second session, Minister Musoni from Rwanda noted that global health initiatives had had important successes in promoting Global Public Goods and more focused approaches. On the other hand imbalances could be created by global health initiatives which focus on one single disease while neglecting others. Mr Kazatchkine, Executive Director of the Global Fund, noted progress in adopting support for national strategies and increasing flexibility in the use of funds, particularly to strengthen health systems. Disease-specific interventions should support systems, so it was not useful to have a rigid distinction between ‘vertical’ and ‘horizontal’ approaches. Sustainability was important, but we needed to conceive it over a much longer period. Minister Carlsson from Sweden made a call to “*think twice*” before creating new funds and to avoid further fragmentation at country level. Instead of creating new aid channels, implementing agencies should be reformed to respond to new challenges. It was important to learn lessons from, e.g., the fight against AIDS in considering how to address Climate Change. Ms Alemany from the Association of Women’s Rights in Development highlighted the need for better alignment of global initiatives at country level and for their funding to be on budget (but without weakening the funding available at community level). She also noted that these funds may be not additional and hence other priorities may be underfunded. She called for greater UN involvement at all levels.

Following these lead speakers, interventions from the floor reinforced the message to do more to align global program funds at country level and to “*think twice*” before creating new global funds to address emerging global challenges such as climate change. They also suggested that there were still some issues in the operation of existing global program funds at country level. A UN-DESA spokesperson noted the potential role of the Development Cooperation Forum in addressing the ‘democratic deficit’ which some perceived in the Paris Declaration, and the importance of the forthcoming Doha meeting on Financing for Development. The representative of the IUCN, in a written intervention, called for greater representation for recipient countries and non-state actors in the Boards of the Multilateral Development Banks.

Civil society and sub-national government representatives highlighted the importance of subsidiarity in public service delivery and of engaging CSOs in implementation of government programs. They observed that this can be difficult when funding is given through budget support.

The RT gave the opportunity to hear the views from a wide range of stakeholders including high level officials from donors and partner countries as well as civil society. The spirit of the discussion was that rather than emphasise differences and divisions **the focus should be on how all types of assistance can work together under the leadership of the host country in a way that makes development sense at the country level**, where the country’s ownership, management capacity and determination to exercise self-

help are fundamental. This will also be essential to the successful pursuit of the core and cross-cutting issues at the heart of the Accra Agenda for Action (AAA). This perspective is fully consistent with the complementary nature of North-South and South-South cooperation, as emphasised both in the Roundtable and in the AAA.

The Roundtable conclusions are fully compatible with paragraph 19 of the AAA, with its stress on the central role of the host country, the use of the Paris Principles as a point of reference for all forms of assistance, the particular value of South-South and triangular cooperation, the contribution of global funds and programmes and the need to use existing channels of aid delivery before creating new ones. This reflects the fact that the drafters of the AAA drew on the material prepared for the Roundtable, and that participants in Accra regarded the work of the Roundtable as very relevant to their concerns.

3. Outputs for each of the main issues

The Issues Paper presented to the Roundtable put emphasis on a set of “key messages” to the various stakeholders in the changing aid architecture. These messages were in large measure reinforced by the discussion. The most significant are presented below, in some cases with modifications reflecting the points made at the Roundtable. They can be seen as rounding out the messages in the AAA itself, and pointing the way for the most effective outcomes in future. **Taken together, they constitute an agenda which can and should be energetically followed up over the period to HLF 4, both internationally and, even more importantly, at country and agency level.**

i) Development Assistance Providers outside the DAC

a) *Providers of such assistance are invited to*

- Share experiences from South-South (and triangular) cooperation
- Align assistance to country systems and country priorities and use local capacity
- Provide accessible information on aid volumes and terms
- Engage in the global dialogue on aid effectiveness, using the principles underlying the Paris Declaration as a reference point.
- Participate in aid coordination mechanisms at the country level

b) *Partner countries receiving assistance from development assistance providers outside the DAC are invited to:*

- Exercise strong and broadly-based ownership of development processes so as to benefit from all types of assistance.
- Build strong aid management systems to ensure the quality of all forms of aid in order to provide a common platform for engaging with all development partners.
- Engage in cross-learning and sharing of experiences among host countries.

c) *DAC donors and multilateral development agencies are invited to:*

- Recognise, in accordance with the AAA, the contribution of development assistance providers outside the DAC, and the particular value of South-South cooperation.
- Encourage more inclusive discussion of aid effectiveness and development at global and country levels

- Take the lead in implementing the Paris Declaration, and recognise that many non-DAC providers of assistance cannot be expected to adhere expeditiously to targets set with traditional donors in mind.
- Learn from the positive aspects of South-South cooperation, including timeliness in delivery of aid, and greater flexibility.
- Support triangular and South-South cooperation: there is a case in particular for more work on how to promote effective triangular cooperation.
- Support the strengthening of aid management systems in partner countries to manage the increasing diversity of aid flows.

d) *All parties are invited to:*

- Strengthen partnerships amongst all development assistance providers by exploring practical ways to promote collaboration.
- Improve coordination of aid and contain undue fragmentation at the country level while ensuring that partner countries retain choice and have access to diverse providers of development assistance.
- Carry out the dialogue on aid and development effectiveness beyond Accra both internationally (where both the Development Cooperation Forum and the Working Party on Aid Effectiveness provide valuable spaces) and, in particular, at the partner country level.

ii) **Global Program Funds**

a) *Funders of existing and potential Global Program Funds are invited to:*

- Consider carefully the balance between funding for targeted global Initiatives and funding for aid institutions with a broader remit, able to accommodate local priorities across the board
- ‘Think twice’ before establishing new funds, applying a clear test of value-added. Learn lessons from the experience of existing global program funds. In accordance with the AAA, as new global challenges arise, ensure that existing channels are used and if necessary strengthened before creating separate new ones which may increase fragmentation at the country level.
- Ensure consistency between their overall commitment to the principles of aid effectiveness and the line that their representatives take in the Boards of Global Program Funds

b) *The Boards of Global Program Funds are invited to:*

- Recognize that focused interventions will normally require also the strengthening of overall systems, however financed
- In accordance with the AAA, ensure that the principles of ownership, alignment, harmonisation and mutual accountability are given support along with the focus on achieving results
- Align decision-making timetables to local planning and budget cycles
- Ensure timely reporting of commitments and disbursements to feed into partner countries’ budget and planning processes
- Encourage greater coordination with central Ministries in recipient countries

- Give high priority to sustainability, particularly where funding recurrent costs, while recognising that this can often be achieved only over a considerable period
- Invest in capacity development, and avoid policies that drain capacity from other parts of the national system
- Recognise the broad links between outputs and outcomes, which are typically the product of relevant activities by many actors often in many sectors, when monitoring results
- Actively engage in a learning process to improve effectiveness, through sharing of best practices, such as in the Global Programs Learning Group.

c) *Countries receiving assistance from Global Program Funds are invited to:*

- Strengthen national and sectoral policies in order to provide a robust framework for uptake of Global Program Funds on a sustainable basis including working with IMF to adjust financial envelopes to better include predictable spending by such Funds
- Ensure close coordination between sector and central Ministries, especially the Ministry of Finance, under existing budget and planning processes
- Ensure that global program funds take full account of local policies for decentralisation
- Strengthen national results monitoring frameworks for public expenditure that Global Program Funds and others can use to monitor the impact of their interventions
- Address systemic issues which inhibit the development of capacity (as opposed to bidding staff away from other activities by special inducements)
- Promote domestic resource mobilisation in order to contribute to sustainable financing of high-priority interventions over the longer term
- Build on the opportunities that Global Program Funds provide for greater engagement with non-State actors

d) *Non-government partners of Global Program Funds are invited to:*

- Recognise the need for appropriate coordination with government policies and interventions in the area concerned
- Report transparently about receipt and expenditure of funds

e) *The OECD/DAC is invited to:*

- Improve the reporting of the flow of funds from the original sources (eg taxpayers, voluntary contributors) through all the intermediate channels to the country level
- Continue to encourage active learning and sharing on aid effectiveness among existing and new global programs, and consider providing a forum to facilitate monitoring, discussion and action, through support of a formalised relationship between the OECD-DAC and the Global Programs Learning Group.

f) *All parties are invited to:*

- Promote an evidence-based culture by continuing joint learning and by regular joint evaluation of the activities financed by Global Program Funds

- Consider whether the appropriate response to the growing concern about effective systems at sector level is best addressed by broadening the mandate of Global Program Funds or by adjusting the balance between these initiatives and broader-based programs.

4. Conclusions

The Roundtable brought together an unprecedented range of stakeholders around the topic of the changing architecture of aid and its implications for aid effectiveness. In the two areas of prime focus, it was able to distil practical messages, very compatible with the AAA, which constitute a sound agenda for discussion and action. It also showed that there remain other significant aspects of aid architecture which deserve a similar focus. These include the increasing role of official actors below central government level, and the rapidly rising flows of developmental assistance provided by the private sector in all its manifestations, including firms, foundations and voluntary organisations.

The preparations of the Roundtable were very significantly assisted by work carried out on how different forms of assistance operated in practice at country level: indeed the centrality of the host country was the core theme of the whole Roundtable. As the other actors mentioned above are increasingly brought into the discussion of effective assistance, country-based work is likely to be equally important in learning lessons and promoting good practice.

The question of how to continue dialogue on aid architecture beyond Accra remains open for consideration. Many different official and non-official bodies are involved in one part or another of the discussion of how to promote effectiveness in an increasingly diverse world, and should be encouraged to continue their work. However, there is a case for **bringing together a manageable set of issues to a broader group of stakeholders, as was done at this Roundtable, on a periodic basis**. The Roundtable itself did not take a position on how this should be done (while noting the potential roles of the Development Cooperation Forum and of the Working Party on Aid Effectiveness), and indeed different formulae may be appropriate for different aspects of the matter. It is however highly desirable that arrangements for maintaining an overview of aid architecture issues, based on good-quality analysis, are put in place. A dialogue space would also facilitate a broader consensus on how to address cross-cutting issues. And there should in any case be provision for monitoring the progress of action taken on the key messages from the Roundtable, as set out above.

Anthony Akoto Osei
Richard Manning
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