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DEVELOPMENT CO-OPERATION DIRECTORATE
Development Assistance Committee

Working Party on Aid Effectiveness

DRAFT SUMMARY RECORD OF THE 17TH MEETING

OECD, Paris, 7-8 July 2011

This is the summary of the last meeting of the Working Party on Aid Effectiveness (7-8 July 2011). This version incorporates comments received from WP-EFF members following the meeting.

Divya Mathew, tel: +33 (0)1 45 24 16 42, e-mail: divya.mathew@oecd.org

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I. Introduction

1. The seventeenth meeting of the Working Party on Aid Effectiveness (WP-EFF) took place in Paris on 7 and 8 July 2011. It was co-chaired by Mr. Talaat Abdel Malek and Mr. Bert Koenders. (Note: Please refer to Annex 1 for the list of participants).

2. Following the adoption of the draft summary and draft agenda, the co-chairs underlined the need to reach agreement including on the key findings and recommendations emerging from the Paris Survey and Evaluation, areas of consensus and diverging views with the first draft of the HLF-4 outcome document and related next steps, and on the HLF-4 event structure. In addition, they stressed the urgency to raise funds for HLF-4 related activities.

II. Reporting on progress since the last WP-EFF meeting

3. The co-chairs made a global report on progress since the last WP-EFF meeting in October 2010, highlighting in particular their efforts to raise the political profile of the Fourth High Level Forum on Aid Effectiveness (HLF-4), through various political channels. Notable highlights included informal gatherings during the AU/ECA Ministerial Meetings, the DAC Senior Level Meeting, the IMF-World Bank Spring Meetings, and the Korea Bureau Meetings. In addition, they highlighted the importance of bringing more partners to the table to enhance the legitimacy of HLF-4 and spoke about outreach efforts to non-traditional development actors (including a mission to China and meetings with the UN Global Compact).

4. Mr. Abdel-Malek gave an update on the Partner Country Contact Group and its final position paper which sets out partner countries' vision and priorities for HLF-4.¹ Ms. Enna Park, vice-chair of the WP-EFF, delivered some remarks on the host-country, Korea's, perspective on HLF-4, and on a shared vision for a new global consensus on aid and development. Mr. Helder de Costa, Timor Leste representative at the WP-EFF, gave a briefing on the second global meeting of the International Dialogue on Peacebuilding and Statebuilding held in Monrovia in June 2011 which resulted in the endorsement of the Monrovia Roadmap on Peacebuilding and Statebuilding. Mr. Brian Atwood, chair of the OECD-Development Assistance Committee (DAC), emphasised the need for a political dialogue with all providers and recipients based on no preconditions, stating that we want to learn from one another with a focus on development results. Finally, presentations on Aid for Trade and on the OECD-DAC Working Party on Aid Statistics' Strategy on Transparency were delivered. (Note: Both presentations are available on the WP-EFF portal).

5. Korea and the DAC Secretariat jointly presented an update on HLF-4 communications. A basic set of communications tools has been created (including HLF-4 leaflets, brochures, and logos) and an official HLF-4 website (www.busanhlf4.org) and facebook page are in place. Current work includes finalizing and disseminating key messages, further developing basic communications tools, revamping the HLF-4 official website to make it more functional and user-friendly, and reaching out to strategic stakeholders through different networks and events. In addition, Korea presented the HLF-4 promotional video to the Plenary which is in the finalization stage.

Key Decisions and Follow-up:

- Finalize key messages presented during the meeting.

¹ The paper is available on the HLF-4 website www.busanhlf4.org.

- WP-EFF members are requested to suggest potential aid effectiveness stories for in-depth profiling for HLF-4 communication purposes.
- A media event to launch the final Progress since Paris report will be organized in September. WP-EFF members are requested to notify the DAC Secretariat on relevant opportunities to publicize the report.

III. Discussion of findings and recommendations emerging from 2011 Monitoring Survey and Phase 2 Evaluation of the Paris Declaration

6. The DAC Secretariat presented key messages emerging from the Survey and Evaluation. (Note: The presentation is available on the WP-EFF portal). Participants were then invited to address the following questions based on prior consultations within their governments and/or agencies:

- a. What are the most important findings of the Survey and Evaluation?*
- b. Which elements of the Overview of Findings (Chapter 1 of the Report on Progress since Paris) and the Recommendations in the Executive Summary of the Evaluation do you support?*
- c. What are the main political conclusions that can be drawn from the evaluation and survey? What political commitments should be brought to Busan and are likely to be followed through?*

7. There was strong support for the findings and recommendations emerging from the Evaluation and Survey. Participants welcomed partner countries demonstrating leadership and progress in key areas such as developing operational development strategies and strengthening country systems. However, they also noted the need for continued focus on key areas where progress has been mixed- including aid predictability, use of country systems and mutual accountability. Overall, there was broad consensus that the Paris Declaration process itself has had an impact on the ground.

8. Participants stressed the need for HLF-4 and related future political commitments to draw on and build on this credible evidence base. Other evidence – including ongoing analysis being undertaken by civil society representatives and further disaggregated country-level data analysis—should enrich and further shape this debate.

Key Decisions and Follow-up:

- Participants identified transparency, results, mutual accountability, risk analysis and management, use of country systems, country specificity and country leadership as priority areas for focus and further action.
- Participants agreed that the evidence presented will be key to gain political attention. Consequently, dissemination of the Survey and Evaluation findings and recommendations will be important. Participants accepted the urgency for WP-EFF and the DAC Secretariat to reach out to political leaders and ensure that the commitments brought to Busan respond to the evidence and lessons learned from this process.
- Discussions during this session will inform the preparation of the ‘Key Findings and Recommendations’ report (to be made available in September).

IV. Discussion of the first draft of the HLF-4 Outcome Document

9. The co-chairs presented the first draft of the HLF-4 outcome document to the Plenary. The first draft draws extensively on: (i) the *Position Paper: Partner Countries' Vision and Priorities for HLF-4*; (ii) the *Menu of Options*; (iii) the *First Terms of Reference for the Outline of the HLF-4 Outcome Document*, an output of the March WP-EFF Executive Committee Meeting, and subsequent stakeholder reactions and feedback; (iv) emerging consensus in various fora (for example, at meetings of the African Development Bank, DAC, World Bank and IMF, and Korea); and (v) relevant principles and commitments already captured in prominent international agreements and statements. WP-EFF members were invited to use the plenary meeting to discuss the main political messages and commitments set out in the draft, with the main objective of identifying areas of consensus and areas of diverging views on issues presented in the draft document.

Discussion of Issues relating to the effectiveness of development co-operation (discussion of paragraphs 12 to 22 of the draft outcome document).

10. *Ownership, Results and Accountability.* Participants underscored the importance of the ownership–results–accountability “nexus” and agreed to consider in more detail how this theme could be taken forward with an emphasis on country-level implementation. They took particular note of the need for further guidance on how commitments relating to inclusive ownership should be deepened, including the role of parliament and creating an enabling environment for civil society. Participants agreed actions relating to the results agenda should emphasise country-led approaches, use of country results frameworks and tools, with providers of assistance refraining from imposing additional requirements. There was consensus on considering items c and d presented in Box 2 of the draft outcome document as a point of departure for further decisions and formulations.² Several participants pointed out that, for effective results-management, capacity to collect and use data disaggregated by sex is needed. Participants agreed that greater prominence on the principle of mutual accountability – and approaches that help advance it – must be given in subsequent drafts of the outcome document in a more balanced way. Regional perspectives, including the role that regional organisations play, and the challenges they face, was also discussed.

11. *Transparency and Predictability.* Discussions led to a consensus on transparency as a principle that a broad range of actors can sign up to – including some emerging donors / providers of assistance – as one of the main prerequisites for supporting development. Transparency on all policies and development resources, going beyond aid to consider transparency of other flows and domestic resources was acknowledged as a cross cutting theme. Participants noted the need for commitments to address the deep structural issues within donor agencies which prevent full implementation of the Accra Agenda for Action commitments on medium-term predictability.

12. Discussions pointed to the need for further focus on common standards for making information on aid available, with some participants highlighting the International Aid Transparency Initiative (IATI) as reference, while some other participants pointed out the importance of other initiatives and systems at country level. Aid predictability is prioritised as an area for further discussion; making OECD-DAC

² For reference: *First draft of HLF-4 Outcome Document, Box 2*

Option c: “Country-led results frameworks and platforms will be adopted as common tools used by providers of development co-operation, who commit to avoid imposing additional frameworks, objectives or performance indicators on developing countries.”

Option d: “We will collaborate to develop capacities for results-based management, including statistical capacities, with co-operation being needs-based and demand-driven.”

donors' forward spending survey data available to individual partner countries was proposed as one possible commitment.

13. *Fragmentation, Proliferation and Division of Labour.* Participants acknowledged aid fragmentation as a growing concern, posing alarming challenges that need to be addressed. Identifying the causes of this challenge, and addressing it, requires sustained, high-level commitment and hence political considerations are particularly important on this issue. There was agreement that country capacity for managing aid-supported programmes and greater complementarity in development co-operation remain persistent challenges that need to be addressed.

14. *Multilateral Co-operation Channels and Global Programmes.* Participants broadly agreed that HLF-4 should consider the effectiveness of all cooperation, including with and through multilateral channels and global programmes to improve collective action and reduce overlapping mandates. However, the approach and formulation of any statements or commitments in this area of the outcome document needs to be mindful of the roles, mandates, membership and governing structures of multilateral development institutions. Some participants noted the need for further discussion on the specifics of cooperation with and through multilateral institutions as they relate to issues of effectiveness.

15. *Situations of Conflict, Fragility and Vulnerability.* Participants agreed to prioritise issues related to the effectiveness of, and approaches to, co-operation in fragile states and situations, recognising the critical importance of addressing challenges in these contexts for development results and poverty reduction. There was strong support for the HLF-4 outcome document to be informed by the outcomes of dialogue within the g7+ group and the second global meeting of the International Dialogue on Peacebuilding and Statebuilding. Specific consideration should be given to the role of non-state actors, and in particular civil society organisations, in these contexts. Some participants suggested that principles and commitments relating to cooperation in situations of fragility be integrated throughout the outcome document as a cross-cutting theme. Further considerations relating to humanitarian aid, its role, nature and effectiveness and other situations of vulnerability, including Small Island Developing States, should be addressed during further revisions of the outcome document.

16. *Effective Institutions and Policies.* Discussions highlighted the relevance and importance of a more holistic approach to development in country with a focus on effective institutions, including at the regional and local level, and building its capacity, and policies. It was noted that this approach provided a useful bridge between aid effectiveness commitments (i.e., on using country systems) and development effectiveness issues (including domestic resource mobilisation). Participants stressed the need to better support effective institutions through joint approaches to risk management. There was an agreement to take a written proposal for text on "Effective Institutions and Policies" circulated to the meeting by the Co-Chairs of the Global Partnership on Country Systems 'Cluster B' as a starting point for further decisions, including refinement of principles and formulation of action-oriented commitments. Participants noted the need for the outcome document to draw in relevant sections of the multi-stakeholder agreement reached in the Manila Statement on partnering to support and strengthen effective states, including on the role of civil society in this area.

Discussion on Issues relating to the broader development effectiveness agenda (discussion of paragraphs 23 to 25 of the draft outcome document)

17. *Role of the Private Sector.* There was broad consensus on the centrality of growth and private sector development for poverty reduction. Consequently, the importance of an enabling environment for private sector development, and support for public-private partnerships was underscored. Participants agreed that certain common principles – for example, ownership, results, and accountability – should also relate to private sector activities and actors. Some participants stressed the need to build on the ongoing

work-stream on ‘the role of the private sector in the context of aid effectiveness’ which benefit from private sector participation. The role of aid in supporting private sector development was identified as one issue for further consideration.

18. Participants emphasised that private sector representatives need to be invited and engage in the HLF-4 process to formulate relevant principles that they could adhere to in the context of the HLF-4 outcome document. In this regard, it was agreed that the role of the private sector with the outcome document needs to be further refined with important distinctions and details worked out, along with a limited set of possible actions /initiatives.

19. *South-South Cooperation.* There was broad consensus on the importance of south-south co-operation as a growing set of partnerships and the need to draw on lessons learned and progress made through the existing evidence base. The outcome document needs to reflect the nature of co-operation between south-south actors, focusing also on aspects of knowledge sharing, capacity development and mutual learning. Issues for further discussion by the WP-EFF (areas of diverging views) included: (i) the extent to which south-south co-operation actors should formulate a set of principles reflecting the uniqueness of their efforts and norms/ commitments governing it; and (ii) the need and extent of monitoring and assessing south-south co-operation, including generating an evidence base that others can draw on and learn from.

20. Finally, several participants raised the desirability of including climate change financing challenges in the broader development effectiveness agenda.

Issues relating to structures and governance arrangements for future partnership on development effectiveness and co-operation

21. Participants agreed that post-Busan global governance arrangements, including fora for dialogue and any approach to monitoring, should be relevant first and foremost at the partner country level; support progress at the country level; and be guided by priorities and goals established by partner countries. Participants noted the importance of rationalising existing fora for political dialogue and related technical efforts. There was strong support for future monitoring structures to be strategic and focused on country-level and nationally-led mechanisms with a streamlined and rationalized global structure. The latter should play a role in facilitating a degree of global aggregation, supporting implementation of agreed norms, and strengthening global accountability. Some participants expressed concern at the relevance of global targets in a range of contexts. A number of partner countries expressed strong interest in initiatives that support continued monitoring of commitments on aid effectiveness. Different approaches were also discussed, with some participants proposing the scope for independent or peer review approaches as possible alternatives to the existing monitoring model. It was decided that further consideration needed to be given to institutional roles and responsibilities, including for future monitoring.

Key Decisions and Follow-up:

- There was broad endorsement of the vision for an outcome document to set out a new global compact for development, reflecting new partnerships at the country, sectoral, regional and global levels, and bringing together a range of modalities and actors while recognising their diversity. It was agreed that these issues should not lead to the dilution of existing commitments on aid effectiveness. The HLF-4 outcome document should reaffirm the commitments set out in the Paris Declaration and Accra Agenda for Action. However, there is a need to set out more clearly, or further nuance, how existing commitments can be implemented, drawing on evidence and lessons learned since 2005. Consequently, a balance between the aid effectiveness agenda and the broader development effectiveness agenda is key. In addition, consideration needs to be

given with other agreements and initiatives that go beyond development cooperation, and complementarity with these (e.g. United Nations Financing for Development process).

- There was strong agreement for the co-chairs, DAC Secretariat and WP-EFF members to make every effort to engage all stakeholders, including private sector and BRIC representatives, in the HLF-4 process and related discussions of the outcome document. Korea will play a key role in this aspect, in particular through the G20 process, and has agreed to produce a second position paper before the October plenary meetings, while engaging and seeking the position of middle-income countries.
- The co-chairs together with Korea, as host-country of HLF-4, will put together the second draft of the HLF-4 outcome document to be made available in September and tabled for discussion at the October WP-EFF Plenary Meetings. The focus over the next few months will be to work towards finding common ground within the areas of diverging views that emerged during discussions.
- Participants agreed to the setting up of an informal working group to develop options for post-Busan institutional arrangements and future monitoring and evaluation processes and present the outcome at the October WP-EFF plenary meetings. This work would draw extensively on lessons learned and on critical reflection on the monitoring and evaluation processes to date. The outcome of the study would by no means be binding but be used to inform further discussions on the post-Busan institutional and monitoring set-up at the October WP-EFF plenary meetings.

V. Presentation and Discussion of HLF-4: Event Structure and Agenda

22. Korea was invited to present the HLF-4 event structure. (Note: Details can be found in the *Road to Busan: Fourth High level Forum on Aid Effectiveness, Section 2* available on the WP-EFF portal). The co-chairs proceeded to explain the concept of a building block as described below:

Box 1. Building Blocks for post-Busan Implementation

Initiatives built around key themes which draw broad support and, crucially, are being or will be implemented. A building block for post-Busan implementation would call for a multi-stakeholder group of partners to showcase a practical way of implementing HLF-4 principles. This should be partner country owned and led. The initiative showcased in Busan could have one or more of the following aims:

- Encourage willing stakeholders to join or support the initiative;
- Offer ideas that can be replicated and/or adapted based on the stakeholder capacity and needs; and
- Promote debate on what different stakeholders can bring to the table recognizing varying roles, responsibilities and points of entry.

A building block moves away from the 'one size fits all' model and does not set one global template. Rather it allows different stakeholders to make progress in line with the Busan outcomes and messages while recognising common and differentiated responsibilities.

26. Key Decisions and Follow-up:

- Broad endorsement of the proposed HLF-4 event structure.
- WP-EFF participants agreed to give a mandate to the WP-EFF Executive Committee to work with the DAC Secretariat on details and next steps of organization of the event.

VI. HLF-4: Organisation and Logistics

23. The co-chairs invited Korea to report on the HLF-4 Core Group on Logistics meeting held on 4 July. Official HLF-4 invitations have been sent to 166 countries, 58 international organizations, and 22 high profile personalities. At the time of this discussion, 63 countries, 22 international organizations and three high profile personalities have confirmed attendance to the event. Pre-registration for the event, and registration of side events and Knowledge and Innovation Space, will begin 1 August. It is strongly encouraged to limit the size of delegations to a maximum of 10 persons per country and five persons per international organization.

VII. Call for Pledges

24. The DAC Secretariat provided information on existing and required funding for activities undertaken under the auspices of the Working Party. The co-chairs invited pledges to (i) replenish the existing UNDP trust fund to cover partner country travel for WP-EFF meetings in July and October (funds exhausted before the July WP-EFF meetings) (USD 300,000 required); (ii) fund the HLF-4 partner country travel trust fund, coordinated the Asian Development Bank (AsDB) (USD 2 million required); and (iii) finance HLF-4 communications (USD 200,000 required).

Status of Funding as of 15 July 2011				
	AsDB Trust Fund: USD 2000 K	UNDP Trust Fund: USD 300 K	Communication Strategy: USD 200 K	Other
AfDB	USD 100 K pledge confirmed			
AsDB				
Australia	USD 213 K received			Considering contributing additional funds to where most appropriate
Belgium	Euro 200K pledged			
EU	Euro 200 K: Indicative pledge:	Euro100 K: Indicative pledge		
Germany	Euro 50 K pledged			
Global Fund	USD 60 K pledged			
Finland	Euro 100 K pledged			
IADB				USD 150 K pledge to Latin American representatives
Ireland	USD 144 K received			
Luxembourg	19 K Euros pledged			
Switzerland	CHF 200 K pledged			
United Kingdom		£ 50 K received		
US			USD 100 K	
Total <i>(Approximate figures and conditional on current exchange rates)</i>	USD 1500 K	USD 220 K	USD 100 K	

VIII. Conclusions and Next Steps

25. The next WP-EFF plenary meetings will take place during the week of 3-8 October in Paris. The meeting agenda will include discussions on the second draft of the HLF-4 outcome document, Key Findings and Recommendations from the evidence (Survey and Evaluation) and further preparations for HLF-4.

ANNEX 1

WP-EFF EXECUTIVE COMMITTEE – 9 JULY 2011 (PARIS)

I. Introduction

1. The ninth meeting of the Executive Committee (ExCom) of the Working Party on Aid Effectiveness (WP-EFF) took place in Paris on 9 July 2011. The meeting was co-chaired by Mr. Talaat Abdel-Malek and Mr. Bert Koenders. The overall objective of the ExCom meeting was to discuss the HLF-4 event structure and agenda and related details. (The list of participants can be found in Annex 1).

II. HLF-4 Event Structure and Agenda

2. The co-chairs in their opening remarks highlighted the progress made during the WP-EFF Plenary Meeting (7-8 July) in identifying key themes (refer to paragraph 4). It was evident that all the work carried out under the auspices of the WP-EFF revealed good practices and lessons learned that could be presented and used at HLF-4. The objective of the ExCOM meeting was to begin discussions on concrete ideas for groups of partner countries and donors to showcase at the event.
3. Some members asked for more clarity on the term ‘building block’. The co-chairs explained the concept of a building block as described below:

Building blocks for post-Busan implementation

Initiatives built around key themes which draw broad support and, crucially, are being or will be implemented. A building block for post-Busan implementation would call for a multi-stakeholder group of partners to showcase a practical way of implementing HLF-4 principles. This should be partner country owned and led. The initiative showcased could have one or more of the following aims:

- Encourage willing stakeholders to join or support the initiative;
- Offer ideas that can be replicated and/or adapted based on the stakeholder capacity and needs; and
- Promote debate on what different stakeholders can bring to the table recognizing varying roles, responsibilities and points of entry.

A building block moves away from the ‘one size fits all’ model and does not set one global template. Rather it allows different stakeholders to make progress in line with the Busan outcomes and messages while recognising common and differentiated responsibilities.

4. Participants were then invited to present concrete ideas on key themes for sessions at HLF-4 and to indicate the type and level of engagement expected by their senior political representation.
 - **Results:**
 - Philippines, Korea and the World Bank suggested the Communities of Practice on Managing for Development Results (CoP-MfDR) taking the lead in organizing a parallel session on results with development partners and proposed the CoP-MfDR platform as a building block. This initiative is partner country led with civil society and private sector involvement and has active support from China and other non-traditional actors.

- United States: Expressed interest to lead or co-lead one or two initiatives (Day 1 or Day 2) showcasing the link of results with transparency and accountability.
 - IADB: Expressed interest to actively participate in all sessions on results.
 - AsDB: Expressed a desire for active involvement in the results sessions and called for a sound process to determine the lead and co-lead for all sessions. There is a close inter-linkage between 'results' and 'effective states/institutions and policies'. As a result, there is need to have a more holistic approach to this topic.
 - Nordic+: Will work to get ministerial representation at these sessions.
 - Better Aid: Interest in participation.
 - World Bank: Interest in showcasing Multilateral Development Banks results frameworks as these support, rather than supplant, country-level results and are considered best practice.
 - Session on statistical capacity with Paris21 involvement suggested.
 - Canada: Interest in high involvement in a session on the results-transparency-accountability “nexus” with a strong focus on risk management.
 - CARICOM: High political representation for these topics on both days together with other regional organizations.
 - UN: Expressed interest in results in a sustainable development context (with a focus on the Millennium Development Goals (MDGs))
 - Global Fund: Interest to support a session on performance based results in the context of the MDGs.
 - EU: Expressed interest in working on results (in connection to accountability and transparency).
- **Ownership and Accountability:**
 - Rwanda and Tanzania: Interest in taking the lead in organising a session on ownership and accountability.
 - Switzerland: Expressed interest to support a session.
- **Effective Institutions and Policies:**
 - Ghana: Offered to lead in organizing a session.
 - AsDB, Indonesia, Korea, Tanzania, US, Vietnam and World Bank expressed interest to support a session.
- **Transparency:**
 - International Aid Transparency Initiative (IATI) was proposed as a potential building block with support from partner country signatories of the initiative, US, UK, and the World Bank.
 - A group of middle-income countries could showcase fiscal transparency was suggested by the World Bank.
- **Fragile States:**
 - Timor Leste: Expressed interest to lead a session on fragile states together with g7+ and International Network on Conflict and Fragility (INCAF)
 - Canada, Denmark, Netherlands, UNDP, World Bank, US expressed interest to support the session.
- **South-South Cooperation:**
 - Colombia: On behalf of the WP-EFF Task Team on South-South Cooperation (SSC) expressed interest to lead a session.

- AsDB: Interest in engaging China to present work on capacity building through SSC.
 - World Bank: Expressed interest to support a session.
 - **Other:**
 - Korea: Expressed interest in a session on women's empowerment.
 - Indonesia: Expressed interest in sessions on aid modalities, aid exit and civil society engagement.
5. Participants reiterated the importance of deciding specific topics for HLF-4 and roles and responsibilities, so that WP-EFF members/institutions leading on it would have adequate time to plan and coordinate the sessions. The co-chairs welcomed the enthusiasm expressed by participants in organizing and/or participating in various sessions.
- **Decisions and Follow-up:**
 - DAC Secretariat to send further instructions on HLF-4 format including guidelines and terms of reference for the various sessions inviting participants to send proposals on interested topics and sessions.

III. Next Steps

6. The next ExCom will take place in October 2011 back-to-back with the WP-EFF plenary during the week of 3-8 October in Paris.