

Getting to Accra

Information Portal

**on Aid Effectiveness for the
Asia-Pacific Region**

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I. INTRODUCTION

The 2005 Paris Declaration on Aid Effectiveness sets out to accomplish a major shift in the way development assistance is provided. Its core principles – ownership, alignment, harmonisation, managing for results and mutual accountability – are easy to state, but add up to a radical change for both donors and partner countries.

The 3rd High-Level Forum in Accra in September 2008 is an opportunity to take stock of how far the reality of aid has changed in response to these principles. In preparation, a great amount of research and analysis is underway to assess the extent of behaviour change, to identify obstacles and to set the implementation priorities for the coming period.

This information portal is designed to help governments in the Asia and the Pacific region to prepare for and contribute to the Accra debates. From our review of the literature, it would seem that many of the countries in Asia and the Pacific have not been always very active in international debates on aid effectiveness. It may be that some take the view that the region is simply too diverse for a single aid paradigm; others may consider that the Paris Declaration reflects the experience of European donors in Africa, and is less relevant to Asia and the Pacific.

In fact, all recipients of ODA have a great deal to gain from the aid-effectiveness agenda. The Paris Declaration is a tool that all governments can use to maximise the value of their ODA. However, they need to engage with the agenda to maximise the benefits.

This information portal offers:

- an introduction to the issues likely to be debated at Accra;
- brief descriptions of the current evidence and available literature which informs those debates, highlighting literature on Asia-Pacific countries;
- information about on-going workstreams in preparation for Accra;
- information and links on where to go for further information.
- Provocative questions and challenges for developing more analysis and evidence

The first part of the portal is organised according to the nine roundtable topics provisionally on the agenda for Accra, together with cross-cutting themes:

- i) Country ownership
- ii) Alignment
- iii) Harmonisation
- iv) Managing for results
- v) Mutual accountability
- vi) Civil society and aid effectiveness
- vii) Aid effectiveness in fragile states
- viii) Health as a ‘tracer sector’
- ix) The international aid architecture.

The second part provides a guide to where to go for further information on aid effectiveness, at the global, regional and country levels. There is of course no standard definition of the Asia-Pacific region. Here, we have focused on the following 21 countries that are signatory to the Paris Declaration:

Afghanistan	Lao PDR	Sri Lanka
Bangladesh	Mongolia	Tajikistan
Cambodia	Nepal	Thailand
Cook Islands	Pakistan	Timor-Leste
Fiji	Papua New Guinea	Tonga
Indonesia	Philippines	Vietnam
Kyrgyz Republic	Solomon Islands	Yemen

II. ROUNDTABLE TOPICS FOR ACCRA

1. Country ownership

Ownership is the foundation stone of the Paris Declaration. It signals a departure from the old ‘social engineering’ school of development assistance, where donors believed that development was something that could be done to developing countries, rather than by them. The principle of ownership means tailoring external assignment towards helping partner countries achieve their own development objectives. It recognises that policies and institutions for development will be effective only so far as they emerge out of genuinely country-led processes.

The Paris Declaration commitments on country ownership include:

- Partner countries exercise leadership in developing and implementing their national development strategies through broad consultative processes, and translate them into prioritised, results-oriented operational programmes.
- Donors respect partner country leadership and help strengthen their capacity to exercise it.

There are likely to be three main issues for debate in this Roundtable:

- i) **National development strategies/PRSPs:** How effective are national development strategies? Are partner countries able to produce realistic, prioritised strategies, and implement them systematically?
- ii) **Participation:** How broad is country ownership of national development strategies? Does it extend across government, horizontally and vertically? Does it include parliaments, civil society and citizens?
- iii) **Conditionality:** Have donors changed their practices on conditionality to respect country ownership?

1.1 *National development strategies/PRSPs*

The PRSP initiative was launched in September 1999 as a condition for debt relief and concessional lending from the World Bank and IMF. It was based on the Bank’s four CDF principles: (i) long-term, holistic vision; (ii) country ownership; (iii) country-led partnership; (iv) results focus. Countries were given detailed guidelines for preparing PRSPs in the World Bank’s [PRSP Sourcebook](#).

From the outset, many observers pointed out the contradiction of using external conditionality to compel the production of a country-owned strategy. Many questioned whether the first generation of PRSPs were genuinely country owned. Furthermore, producing a comprehensive PRSP, based on realistic priorities and linked to the budget process, was an extremely ambitious undertaking for most developing countries. Some feared that PRSPs would become nothing more than wish lists of development projects.

Now that many countries have produced a second- or even third-generation PRSP, however, the nature of the debate has changed. In countries like Vietnam, the principles of the PRSP have been incorporated into the regular planning process. Donors have become less directive as to the form and content of national development strategies, to

encourage greater country ownership. However, there are still questions as to how effective the approach has been in many countries.

The first three documents present the views of the PRSP initiative's original sponsor, the World Bank.

World Bank, “Results-Based National Development Strategies”, draft, October 2007

In 2006, the World Bank conducted 62 country-level Aid Effectiveness Reviews, which were used to set the baseline for the first Paris Declaration indicator: “Partners have operational development strategies”. The individual country reports can be found [here](#). They are desk reviews based on existing literature, but provide a useful overview of aid-effectiveness initiatives in each country.

This draft report is a summary of the reviews. The assessment as to whether a country has an operational development strategy is based on 3 criteria: a unified strategic framework; prioritisation within that framework, and a strategic link to the budget. While all 62 countries were found to have made some progress, only 8 satisfied all three criteria, suggesting that Paris Declaration 2010 target (75 percent of partner countries with largely developed operational development strategies) is some way off being achieved. Establishing a link between the strategy and the budget remains difficult for most countries, leading in turn to poorly prioritised strategies. Many countries still have multiple, parallel development strategies.

The report notes that holistic development strategies should address cross-cutting issues like gender, HIV-AIDS and the environment.

IMF and World Bank, “2005 Review of the Poverty Reduction Strategy Approach – Balancing Accountabilities and Scaling Up Results”, August 2005

This is an internal review of the PRSP approach carried out jointly by WB and IMF staff. It is a broadly positive assessment, suggesting that PRSPs have brought about a “fundamental change” in the relationship between low-income countries and donors. It found that while most PRSPs contained good qualitative and quantitative analysis of poverty, it was often hard to link that analysis to the policies selected. Few countries had linked their PRSPs to the budgets through an MTEF. The process had created space for broader participation in the policy process, but there had been little public discussion of macroeconomic policy choices. Staff suggested a number of priorities for strengthening the PRSP approach, including strengthening the medium-term perspective, participation and budget linkages.

World Bank Operation's Evaluation Department, “The Poverty Reduction Strategy Initiative: An Independent Evaluation of the World Bank's Support through 2003”, 2004

Although somewhat dated, this independent evaluation of the World Bank's support to the PRSP initiative is the most comprehensive available. It provides a more cautious assessment, finding considerable variation in the value of the initiative across different countries. It concluded: “The [PRSP] Initiative has added the most value in countries where government leadership and aid management processes were already strong. It has had less effect in countries with weak public sector capacity or with donor-dominated aid relationships... Where the government-donor dialogue was previously weak or donors continued to drive the agenda, PRSPs by themselves have not noticeably promoted donor coordination or increased government management of external assistance.” It found that ownership of the PRSP was strong among government agencies directly involved in its preparation, but faded across line ministries and sub-national government. Importantly, it found that some countries had included policies they thought donors expected to see, including an overall emphasis on the social over the productive sectors. The evaluation called for strengthening analytical underpinnings, growth policies and

results focus. It found that, while the Bank had generally aligned its support to PRSPs, this had not involved much change in the content of its Country Assistance Strategies.

Independent assessments of the PRSP initiative during the early years tended to be quite critical, suggesting that the approach was structural adjustment in a new guise, and that countries were preparing PRSPs merely to satisfy donor conditions. More recent literature, however, acknowledges that the initiative is beginning to make significant changes to national planning processes, although many practical challenges remain.

Driscoll, Ruth with Alison Evans, “Second-generation Poverty Reduction Strategies: new opportunities and emerging issues”, Development Policy Review, Issue 23(1), 2005

This review by the United Kingdom’s official development think tank, the Overseas Development Institute (ODI), concluded that the PRSP has begun to escape from its origins in HIPC and IFI conditionality, and become genuinely country owned. It found that second-generation strategies were more comprehensive and multi-sectoral, and have triggered a genuine shift in expenditure towards poverty reduction in health, education and transport. They had opened up the policy process and enabled civil society to engage in policy debates “on an unprecedented scale”. However, it also noted the tendency of PRSP units to act as “enclaves” within government, and for ownership to be limited to core central ministries. The lack of budget links had resulted in poor costing and prioritisation, while weaknesses in public-financial management systems made the strategies difficult to implement. While donors were making genuine efforts to align with PRSPs, it found that this was often a *pro forma* process of reformulating existing policies in PRSP language. It found that too much assistance was still provided off the budget, and was fragmented across too many sectors, programmes and projects.

Oxfam International, “From ‘donorship’ to ownership? Moving towards PRSP Round Two”, Oxfam Briefing Paper, January 2004

Oxfam found that the PRSP initiatives had been disappointing in both process and content. It found that donors still wield too much control over policy content, through “backstage conditionality”. It found that macroeconomic policies are still dictated by the IFIs, and are “antipathetic to the interests of poor people”. It found that PRSP content was limited to social-sector spending projects, with little discussion of key policy areas such as trade. It found that few PRSPs came anywhere near to mainstreaming gender. While some “female problems” were addressed, such as girls’ schooling and domestic violence, there was no systematic analysis of the causes of gender inequality.

Rosa Alonso, Lindsay Judge & Jeni Klugman, “PRSPs & budgets: a synthesis of five case studies”, January 2005

This study, based on five case studies including Cambodia and Vietnam, is the most detailed and technical assessment of the challenges involved in linking PRSPs to the budget. It analyses problems such as weak budget classification, which prevents agencies from matching their spending to PRS priorities, poor reporting on budget execution, and the difficulties of monitoring the impact of expenditure on poverty reduction. It notes that, where government lacks the capacity to execute budgets as planned, there is little chance of holding them to account for development results. Overall, however, it found that there has been a significant absolute increase in pro-poor spending as a result of the PRSP initiative, especially in education, rural development and transport. It concludes that the findings are “highly encouraging, as the PRSP process in a short period of time has succeeded in difficult areas where traditional public sector reform initiatives had failed. In particular, we find evidence that it has increased the transparency, openness and pro-poor character of budgeting processes.”

Further information

World Bank PovertyNet

This site contains the [PRSP Sourcebook](#), which is regularly updated and remains the only comprehensive guide to preparing a PRSP. It also links to toolkits and advice on a range of topics, from measuring poverty to designing participatory processes to sectoral policy issues.

IMF on PRSPs

The IMF site contains the full text of all national PRSPs (although not entirely up to date) and WB/IMF assessments of them.

Governance and Social Development Resource Centre

This is a DFID-funded resource centre, developed for both staff and external use. It contains topics guides and links to the most important literature on a wide range of governance and social development topics, and is an extremely useful source for practitioners. It has an extensive section on [Aid Effectiveness](#), including Poverty Reduction Strategy Papers.

Centre for Aid and Public Expenditure (CAPE)

The Centre for Aid and Public Expenditure at the UK's Overseas Development Institute (ODI) is a research centre dedicated to improving the quality of international development assistance and enhancing the effectiveness of developing countries' public resource management. It specialises in the development policy making and resource allocation, and has an extensive range of quality Working Papers on these topics.

PRSP Monitoring and Synthesis Project

ODI was commissioned by DFID for a PRSP monitoring and synthesis project, to enhance DFID's ability to engage with policy debates remain informed on developments. The initiative ran from 2001 to 2004, and was then discontinued, but the website is still in existing, containing useful and practical briefing notes on issues such as PRSP costings, monitoring, Poverty and Social Impact Analysis and Annual Progress Reports.

PRSP Watch

German website providing information on the preparation and implementation of PRSPs. Includes country case studies (somewhat dated) and lengthy bibliographies on Cambodia and Vietnam.

1.2 Participation

The concept of 'ownership' under the Paris Declaration means more than just the preferences of the government of the day. Ownership should be as broadly based as possible, with citizens participating in the formulation, implementation and monitoring of national development strategies through democratic processes and civil society.

Participation, however, is a difficult quality to measure. Most PRSP countries have gone to some trouble to organise consultation across social groups and parts of the country. In many cases, however, this was an *ad hoc* process that fell away as soon as the PRSP had been adopted. To what extent has the PRSP initiative increased the openness of government as a whole?

There is no consensus in the literature on this point. Early reviews of the PRSP initiative tended to conclude that participation in PRSP formulation had been artificial and

unsustainable. Some influential international NGOs continue to take that view. However, many Southern NGOs have acknowledged that the PRSP initiative has opened up new opportunities for them to participate in the setting of development policy. Academic commentators have criticised donors for their 'apolitical' and even 'naïve' understanding of participation.

David Booth, "Missing links in the politics of development: learning from the PRSP experiment", ODI Working Paper 256, October 2005

ODI's David Booth is one of the leading academic commentators on the politics of development. He points out the dilemma for donors: effective participation is a function of healthy, democratic political processes, which by their nature cannot be 'engineered' by external actors. He concludes that the theory that more participatory policy processes will be more effective has proved to be "naïve". His studies of the political economy of LICs suggest that real decisions on resource allocation are taken behind the scenes by small groups of politicians, and that formal policy processes are largely "window dressing". However, there is greater potential in MICs, where there is informed public opinion, a degree of effective parliamentary scrutiny and an active media.

Booth, David, Arturo Grigsby & Carlos Toranza, "Politics and Poverty Reduction Strategies: Lessons from Latin American HIPC's", ODI Working Paper 262, December 2005

Elsewhere, based on a review of Latin American PRSPs, Booth reached three conclusions about participatory processes: (i) it is much easier to have effective consultations around discrete issues, than to generate the kind of broad agreements needed for a *comprehensive* PRSP; (ii) participatory processes generate short-term demands on government to fix problems, but don't produce solutions to complex problems involving conflicting interests and trade-offs; (iii) the key factor for successful participation is whether government is willing to be influenced by the process. His overall conclusion is very pessimistic: "PRS processes as currently conceived do not help to create the political interest in formulating and carrying out pro-poor public policies."

Driscoll, Ruth with Alison Evans, "Second-generation Poverty Reduction Strategies: new opportunities and emerging issues", Development Policy Review, Issue 23(1), 2005

Driscoll notes that the PRSP initiative has brought about an "unprecedented level of civil society engagement" in the policy process, but that it could go much deeper. Formal democratic and accountability institutions – parliaments, audit offices, public-sector watchdogs, the media – are often bypassed. Participation has mostly been limited to urban NGOs, rather than grass-roots organisations, and demand-side accountability to poor people has not increased. She criticises the World Bank and other donors for their "unwarranted faith in a technocratic, depoliticised mode of governance".

Agulhas, "Does the country-led approach deliver results? A synthesis of emerging evidence", Paper commissioned by DFID, April 2006

This document reviews the literature on participation, and finds a number of common concerns, including: a bias towards urban NGOs; lack of participation by the private sector and trade unions; artificial deadlines preventing participants from absorbing materials and preparing responses; language constraints (including use of technical language); poor organisation of participatory sessions; and a tendency to steer away from macroeconomics and other controversial policy areas. It argues that participation should not be 'projectised' as an *ad hoc* series of consultations during PRSP formulation, but should be institutionalised in the regular policy-making and budget processes.

ActionAid, “Rethinking participation: questions for civil society about the limits of participation in PRSPs”, April 2004

ActionAid charges that participation has been limited to narrowly defined ‘poverty reduction’ issues, namely spending priorities in health and education. Civil society has been excluded from discussion of controversial subjects such as industrial policy, trade, fiscal policy, price supports, regulation of foreign investment and interest rates, which are ultimately more important for poverty reduction. It argues that the IFIs continue to narrow the space for domestic policy by imposing restrictive macroeconomic policies.

Practical guidance for strengthening participation can be found in these documents.

Masud Mozammel and Sina Odugbemi, “With the support of multitudes: using strategic communication to fight poverty through PRSPs”, World Bank, 2005

This World Bank publication makes a strong case for the importance of strategic communications to support the development process. Strategic communications are planned, deliberate and long-term, not *ad hoc* and reactive. They involve opening up the development policy process, ensuring free flow of information to opinion makers in society, using the mass media for foster debate, and using communications to boost awareness of national development strategies. The book contains useful examples of good communications practices from around the world, including from the Kyrgyz Republic, Cambodia and Pakistan. A follow-up book is to be released in 2008.

Scott Hubli and Alicia Mandaville, “Parliaments and the PRSP process”, World Bank Institute Working Paper, 2004

This is one of many reports concluding that parliamentary involvement in the PRSP process has been weak, and that this limits prospects for effective implementation. The document goes through the PRSP preparation, implementation and monitoring cycle, suggesting numerous points at which parliament could be better engaged.

1.3 Conditionality

The principle of ownership means that donors should no longer try to dictate development policy through conditionality. Under the Paris Declaration, they commit to drawing their conditions, where possible, from a partner’s own national development strategy, and imposing additional conditions only where clearly justified. In addition, donors should as far as possible use the partner country’s own performance assessment framework to assess progress against the national development plan.

Donor practice on conditionality is not covered by the Paris Declaration monitoring process, and there are at present no overall assessments of donor performance. However, individual donor practices are addressed in the [DAC Peer Reviews](#). In preparation for Accra, a report is being prepared drawing together lessons from the 14 DAC Peer Reviews completed since adoption of the Paris Declaration.

Conditionality is also one of the themes for the OECD’s Global Forum on Development, a body which encourages dialogue between DAC and non-OECD governments and civil society. The following is a report of a seminar in September 2007 attended by 30 developing country experts, containing a useful summary of current thinking on conditionality.

Felix Zimmerman, Draft report on the Informal Expert’s Workshop “Ownership in Practice”, September 2007

The seminar revealed concerns that “ownership” might become a euphemism for the adoption by partner countries of externally conceived policies. The workshop drew a

distinction between policy-based, process-based and performance-based conditionality. Policy-based conditionality was heavily criticised as a discredited approach from the 1980s and 90s. While there is some support for conditionality based on human rights and democratisation, there was strong consensus that developing countries should be free to choose their own economic policies. Process-based conditions (e.g., on participation) are considered more legitimate, but there is considerable doubt about their effectiveness. Some argue that they lead to a box-ticking approach to participation. There is more consensus on performance-based conditionality, where the level of disbursement is linked to achievement against an agreed set of indicators drawn from the country's national development strategy, although allowance must be made for the effect of external shocks. The [DAC website](#) contains background papers produced for this event, including reports from Vietnam, Indonesia and Bangladesh.

A number of donors have introduced new conditionality policies to reflect the Paris Declaration, including the World Bank.

World Bank, “Review of World Bank conditionality”, September 2005

This report documents the World Bank's changing approach to conditionality in recent years, from an emphasis on policies for structural adjustment and growth, to a set of benchmarks designed to assess its borrowers' commitment to their own development programmes. On principle, the Bank no longer uses conditionality to prescribe policies. The flip side is that the Bank should be more selective in its operations, engaging only where it sees clear evidence of prior commitment from the partner. In that way, the Bank sees its conditionality policy as contributing to, rather than detracting from, country ownership. It sets out five good practice principles for conditionality: ownership; harmonisation; criticality; transparency; and predictability.

Other commentators contest this interpretation of the World Bank's practice. Some of the civil society articles cited above suggest that the Bank and the IMF still impose structural adjustment measures through their lending activities. Others suggest that the Bank has other ways of dictating country policy.

ActionAid, “What progress? A shadow review of World Bank conditionality”, 2006

This report reviews the World Bank against its 2005 conditionality review and good practice principles. It claims that the Bank has no implementation plan in place to ensure compliance with its policies, and that staff incentives still encourage the use of intrusive conditionality. It has a superficial approach towards country ownership, and still uses loan conditions to push controversial economic reforms. Harmonisation in practice means that other donors link their conditions to the Bank's PRSC, rather than all donors linking to the national development plan.

Wilks, Alex & Fabien Lefrancois, “Blinding with science or encouraging debate? How World Bank analysis determines PRSP policies”, 2002

This article argues that the World Bank no longer has to rely on policy conditionality, because it is winning the policy debates upstream through its “near monopoly on development analysis”. It argues that the Bank and the IMF “often give the impression that there is consensus on the development agenda, and that only details remain to be worked out.” “The Bank constantly talks about capacity-building and listening, but seems reluctant to cede control of policy formulation processes or to recognise contributions or perspectives that diverge markedly from core Washington thinking... Indeed, the Bank often appears to imply that there is a vacuum out there that it needs to fill: that few others are doing serious policy analysis.” Despite its commitment on principle to move away from one-size-fits-all development policies, in practice the Bank still acts as if there is a single, right answer to development challenges, making it averse to experimentation and debate.

Graham Bird and Thomas Willett, “IMF conditionality, implementation and the new political economy of ownership”, *Comparative Economic Studies*, Vol. 46(3), 2004

Along similar lines, Bird and Willett argue that the IMF has a perverse understanding of country ownership. IMF asserts that it uses conditionality to reinforce, rather than substitute for, national ownership, by acting as a “commitment device”, helping to strengthen the hand of reformers and sustain support during implementation. However, if national ownership is solid, then conditionality is not needed, and if it is not solid, then conditionality is unlikely to succeed. In effect, the IMF is using conditionality to try to generate country ownership of the IMF’s own policy agenda.

The European Union is acknowledged as leading on performance-based conditionality.

The European Union’s Cotonou Agreement

Under the Cotonou Agreement, the European Union is committed to providing finance in accordance with development outcomes. Its budget support agreements typically make provision for variable tranches: that is, disbursements where the amount is determined by outcome indicators negotiated with government and typically taken from the national development strategy. The greater the progress, the larger the disbursement. According to the EU, the use of outcome indicators (rather than prior policy actions) as conditions gives the country greater choice in the mix of policies and measures it takes towards achieving the MDGs, and therefore advances country ownership. However, it has caused some concern among partner governments who fear they may lose support as a result of factors beyond their control.

For an Asian example of best practice in benchmarking rather than policy conditionality, see:

Agulhas, “Vietnam’s Poverty Reduction Support Credit”, September 2006

The benchmarks for Vietnam’s multi-donor general budget support are derived from annual negotiations between government and donors as to the policy actions required to achieve the government’s stated development goals. In place of conditionality, the instrument provides a soft financial incentive, in that disbursements are linked to performance against the previous year’s commitments. The process is welcomed by line ministries, who see it as a chance to signal their priorities.

Further information

European Network on Debt and Development (Eurodad)

Eurodad is a network of 54 European development NGOs. It provides a platform for information sharing, research and advocacy on debt, development finance and poverty reduction. Its site contains a selection of articles on [conditionality](#). Its November 2007 report, [“Untying the knots: how the World Bank is failing to deliver real change on conditionality”](#), argues that, while there has been an overall reduction in the volume of World Bank conditions, it is still imposing policy conditions in sensitive areas like privatisation and trade liberalisation. It also offers a [matrix](#) analysing the conditionality in IMF PRGF programmes, as of 2003.

Work underway for Accra

- The DAC GOVNET is preparing various contributions and case studies on governance assessments and political economy analysis.

Issues for the Asia-Pacific region

The Asia-Pacific region is heavily under-represented in the literature on Poverty Reduction Strategies and national development planning. Only two Asian countries – Cambodia and Vietnam – have been studied in any detail, and those studies are already largely out of date. Given the great diversity of development challenges across the Asia-Pacific region – from microstates to world’s most populous countries, from low income to rapidly industrialising countries, from conflict-torn states to one-party systems – there is a real need for more textured analysis on national development planning.

- How has the PRSP initiative been adapted across the Asia-Pacific? Has it demonstrated its relevance as a tool for donor alignment? Are donors providing sufficient space for different planning traditions and capacities?
- What does participation mean in the Asia-Pacific context? Are there specifically Asian models of grass-roots democracy and stakeholder engagement that can help inform global debates on country ownership?
- How do Asian countries organise policy dialogue in a post-conditionality world?

The region would also benefit from more detailed case studies of country experience with national development strategies, along the lines of these first-class examples:

- Alta Folscher, “The design, process and achievements of Zambia’s Poverty Reduction Strategy Paper”, report for DFID Zambia, June 2004
- Jeni Klugman and Rob Talierco, “Cambodia: PRSP and budget linkages”, October 2003
- Gould, Jeremy & Julia Ojanen, “Merging in the circle’: the politics of Tanzania’s Poverty Reduction Strategy”, Institute of Development Studies, University of Helsinki Policy Paper 2/2003

2. Alignment

The principle of alignment emerged as a corrective to two aspects of past aid practice that came under sustained criticism during the 1990s: the tendency of donors to try to dictate policies to developing countries; and the use of project modalities to bypass weak country systems.

The failure of structural adjustment programmes in the 1990s proved that, where policy initiatives were developed by foreigners and signed off on by governments solely to access finance, they were rarely implemented effectively or sustained over time. Under the Paris Declaration, donors commit to basing their support on the partner's own development strategies.

Traditionally, when confronted with weak capacity in a beneficiary administration, donors have created Project Implementation Units under their own direct control, to create an acceptable fiduciary environment for their assistance. However, capacity built up in PIUs is rarely transferred back into government. The short-term efficiency gains of bypassing government systems comes at the cost of a missed opportunity to build up the institutions and capacity required to replicate the project results over the longer term. Under the Paris Declaration, donors are now committed to phasing out PIUs and using government systems as far as possible to deliver their assistance

At Accra, this Roundtable is likely to focus on a number of issues:

- i) **Programme-based approaches:** The experience in using programmatic assistance, including budget support, SWAps and similar arrangements, to increase alignment with country policies and systems;
- ii) **Use of country systems:** The experience of donors in using of country systems for aid delivery;
- iii) **Capacity building:** Progress on capacity building on country systems, and the effectiveness of technical assistance;
- iv) **Predictability:** The predictability of ODA, and reflecting ODA on the budget;
- v) **Untying of aid.**

2.1 Programmatic assistance

Most donors now routinely relate their country assistance plans to their partners' national development strategies. In most cases, however, this does not involved much change to the content of donor programmes. National development strategies tend to be broad enough to encompass most donor preferences.

The more challenging side of alignment is the move towards programmatic forms of assistance. Traditionally, aid has been fragmented across too many small projects, which are difficult for partners to coordinate and end up becoming donor driven. To try to make development assistance more strategic, the Paris Declaration sets a target of 66% of aid flows to be provided in the context of programme-based approaches (PBAs).

The official definition of PBA is contained in the following DAC publication. However, the definition is notoriously difficult to apply, and there are doubts as to the accuracy of the DAC baseline figure set in 2006.

OECD DAC, “Harmonising donor practices for effective aid delivery: Vol. 2 – Budget support, sector-wide approaches and capacity development in public financial management”, 2006

This is one of a series of good practice papers produced by the DAC to guide donors. It defines PBAs as having the following features: (a) leadership by the partner country; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. As well as increasing country ownership, PBAs are designed to increase the coherence between sectoral policy, spending and results, strengthen national capacity and reduce transaction costs, by anchoring assistance in an agreed, overall programme of action. It stresses that a PBA are not a particular aid modality, but an approach that can encompass projects, technical assistance or budget support.

OECD DAC, “2006 Survey on monitoring the Paris Declaration: Overview of the results”, 2007

The survey revealed that PBA was one of the most problematic indicators to apply. The DAC itself understands the term as “fairly restrictive”, covering budget support, SWApS and “other arrangements in which there are equivalent efforts towards joint planning and harmonisation of procedures”. However, for the 2006 survey, many donors insisted on a looser definition. The survey revealed a baseline of 43%, but the real figure is likely to be substantially lower. On the whole, however, it found a strong trend towards the adoption of both budget support and SWAp-type arrangements, especially in the social sectors.

Marcus Cox, Samuel Wangwe, Hisaaki Mitsui and Tran Thi Hanh, “Independent Monitoring Report on implementation of the Hanoi Core Statement”, Hanoi, November 2007

This recent independent monitoring of aid effectiveness in Vietnam argues that moving towards PBAs is a key strategic priority, not just for increasing donor harmonisation, but also for overcoming Vietnam’s legacy of scattered project aid and ensuring that donor assistance is as strategic as possible. PBAs provide a framework through which government and donors can agree on key priorities, and programme both national and ODA resources coherently to achieve them. However, effective PBAs need to evolve over time. Ministries need to develop the capacity to articulate clear priorities and preferred approaches, and to lead on aid management and capacity development. Effective alignment of donor assistance involves in parallel with greater sectoral capacity.

The report also contains a discussion of the dilemmas that the PBA target can cause. Vietnam has set its own target of 75% PBAs. However, the government has also expressed a preference for more than half of its ODA to be provided for large infrastructure projects, which are traditionally delivered in project form. Donors and government are unclear as to whether they should broaden the definition of PBAs to cover well-aligned project aid, or to adjust the target downwards.

Agulhas, “How have programme-based approaches helped countries establish effective leadership over development assistance?”, Paper for the 2006 Asian Regional Forum on Aid Effectiveness, September 2006

This paper is based on three case-studies of PBAs in Asia: Vietnam’s general budget support instrument (PRSC); an education SWAp in India and a sectoral budget support programme in social service delivery in Pakistan. It concludes that PBAs are potentially a very effective platform for increasing country leadership and policy alignment, by encouraging the partner country to lead on developing policies and frameworks to coordinate external assistance. It concludes that PBAs can be effective even in sectors where country leadership capacity is beginning from a low base, but may require a lengthy period of intense engagement to demonstrate results. Systems alignment within

PBAs remains a difficult challenge, with many donors still imposing additional rules and procedures. The report notes that PBAs vary considerably in the extent to which they embody the Paris Declaration commitments, and that donors must use PBAs as a platform to continue to pursue greater aid effectiveness.

General budget support is still a relatively new tool in donor practices, and its ultimate impact is still uncertain. Some donors, such as DFID, are committed to providing two-thirds of their assistance as budget support; others are more sceptical. The multi-donor evaluation (below) was the first systematic attempt to assess the effects of general budget support.

OECD DAC, “Harmonising donor practices for effective aid delivery: Vol. 2 – Budget support, sector-wide approaches and capacity development in public financial management”, 2006

The DAC Guidelines contain a chapter on general and sectoral budget support. As well as facilitating macroeconomic stabilisation and providing resources for the implementation of national development strategies, it notes that budget support can reduce transaction costs, facilitate donor coordination and enhance the predictability of ODA flows. It can help partner countries improve the allocation of their development resources, while reinforcing accountability by underscoring the importance of the budget as a tool of government policy. However, there are also potential disadvantages for partners, including increased volatility in aid flows and (on occasion) excessive conditionality. It advises donors to refrain from any earmarking of budget support, and to draw their conditionality as far as possible from the partner's own development strategies.

IDA and Associates, “Evaluation of General Budget Support: Synthesis Report”, May 2006

This evaluation was commissioned by a consortium of donors and partner countries, and involved 7 studies including Vietnam. It notes that budget support was intended to bring about a step-change in the nature of dialogue and conditionality, centred on the implementation of a national development strategy. However, this change has happened only gradually, and has been more significant in the eyes of donors than partner countries. It has contributed to the alignment of assistance with partner budget cycles, as well as (by definition) the use of country systems for aid delivery. It has also contributed to donor harmonisation, although budget support arrangements themselves are not always fully harmonised. The high-level dialogue and review mechanisms around budget support have proved to be a useful complement to sectoral processes. One of its most important effects has been to increase the level of discretionary funding available to partners, which in turn increases the importance of the planning and budgeting process. It has also provided an important boost to improving public financial management. It found that there had been an overall increase in spending in the social sectors as a result of budget support, but that it was too early to identify long-term development impacts.

For more information, refer to:

Programme-Based Approaches Learning Network (LENPA)

This is a site run by the Canadian International Development Agency as a way of exchanging information on Program-based Approaches. See also CIDA's primer on PBAs: CIDA, “Primer on Program-Based Approaches”, August 2003

OECD-DAC, “Gender equality in sector-wide approaches: a reference guide”, June 2002

This guide provides advice on conducting gender analysis, designing consultation processes that are gender inclusive, creating organisational structures for mainstreaming

gender, integrating gender into policies and budget, and undertaking gender-sensitive monitoring and evaluation.

2.2 Use of country systems

Under the Paris Declaration, donors commit to providing as much of their aid as possible through country systems for public-financial management (PFM), procurement, monitoring and environmental and social safeguards. For their part, partner countries agree to intensify reforms and capacity building to bring those systems up to international standards.

OECD DAC, “2006 Survey on monitoring the Paris Declaration: Overview of the results”, 2007

The baseline survey found that, on average, 40% of aid flows use country systems for PFM and 39% for procurement. Targets have been set on a sliding scale, based on the assessed quality of country systems under DAC methodology. Importantly, however, the survey results showed now clear relationship between the quality of country systems and the extent to which they were being used by donors, suggesting that donors rules and procedures remain the primary determining factor.

Marcus Cox, Samuel Wangwe, Hisaaki Mitsui and Tran Thi Hanh, “Independent Monitoring Report on implementation of the Hanoi Core Statement”, Hanoi, November 2007

The independent monitoring study in Vietnam found that what progress there has been on use of country system was almost entirely limited to budget support and other PBAs. There has been little change in the delivery of traditional investment projects. It found there were three distinct groups of donors in their approach to use of country systems: (i) the development banks take a limited reading of the Paris commitment, recognising an obligation to use country system only as and when they reach international standards; until then they are bound by strict rules preventing them compromising on fiduciary standards; (ii) a group of bilateral donors with more permissive rules, enabling them to balance the greater development impact and sustainability of using country systems against the fiduciary risks; and (iii) a significant number of donors (around half of the total) still bound by very restrictive rules, enabling them to use country systems only in very limited conditions. However, the report also found that donors were receiving relatively little encouragement from their government counterparts to use country systems, and that traditional aid practices created vested interests that were difficult to overcome.

The OECD has been developing a series of tools to help donors and partner countries reach a common assessment of the state of country systems and the reform priorities. Good practices suggest that these assessments should be done jointly by donors and partner countries, and shared among donors. The following document and sites provide guidelines for how these assessments are to be done.

Public financial management

Public Expenditure and Financial Accountability (PEFA)

PEFA is the product of a joint initiative of a number of donors to strengthen assessment of PFM, procurement and financial accountability systems. Its [Performance Measurement Framework](#) is designed to provide a harmonised, country-led tool for measuring improvements in PFM systems over time. Guidance on applying it can be found on the website.

World Bank, “Public Expenditure Management Handbook”, 1998

The World Bank produced this handbook in 1998, providing guidelines on how to strengthen budget processes, how to link and budgeting through an MTEF, and how to develop effective public financial management information systems. It provides checklists of good practices in areas such as public audit and aid management.

World Bank PFM Reform Database

This database contains a wide selection of current reference material on PFM reform, covering budget preparation, budget execution, accounting and financial reporting, external oversight and cross-cutting issues. Examples are drawn from both OECD and developing countries. It also contains the newsletter [FM Notes](#), which documents recent experience with PFM reform programmes.

ODI Briefing Paper, “Linking policies and budgets: implementing medium term expenditure frameworks in a PRSP context”, June 2005

This paper summarises the results of an ODI research project on the experiences of developing countries in linking PRSPs to the budget through MTEFs. It found that introducing MTEFs had been a good catalyst for PFM reforms, even from a low base. A key success factor was the setting of a clear budget timetable, integrating the various phases of the budget cycle with other planning processes. However, it also points to the need to manage expectations about how much time it takes to provide effective linkages between the PRSP process and resource allocation. The individual case studies can be found on the [ODI Aid and Public Expenditure website](#).

*Procurement***OECD DAC Joint Venture for Procurement**

In December 2004, Joint Venture members approved the Johannesburg Declaration, which recognised the importance of strengthening procurement to increase the effectiveness of development spending. The signatories undertook to develop new capacity building techniques and approaches, based on country ownership, to develop a common set of diagnostic tools and to focus on achieving measurable improvements in procurement systems. Since then, the Joint Venture has developed a set of good practice guidelines: [Strengthening Procurement Capacities in Developing Countries, 2005](#). It represents a departure from previous approaches through its emphasis on the *process* of change, as much as the substantive content of procurement reforms. The Joint has also developed a [New Common Benchmarking and Assessment Methodology for Public Procurement Systems](#), which has been applied in 22 pilot countries. The Joint Venture will be producing guidelines on using this methodology for Accra, as well as a good practices guide on procurement reform.

World Bank on Public Procurement

The World Bank has its own diagnostic tool for country procurement systems: the [Country Procurement Assessment Report \(CPAR\)](#) and guideline for its use. CPAR's already carried out on borrower countries can be found [here](#).

World Trade Organization on Public Procurement

This contains extensive information on public procurement, including the Agreement on Government Procurement signed by many WTO member states and on-going work on transparency.

2.3 Capacity building

Under the Paris Declaration, partner countries agree to integrate capacity building into their national development strategies, and to lead on capacity development. Donors

agree to align their technical assistance behind country-led capacity development strategies.

At present, there is considerable doubt among the donor community about the quality of technical assistance (TA) for capacity building. No other aid modality is as fragmented, poorly aligned and supply-driven, focusing on technical standards and imported models rather than workable reform processes. According to the World Bank, there were 20,000 separate TA activities in 2004 – equivalent to one per day per developing country. Officials from partner countries often admit to doubts about the value of foreign technical advisers. And yet experience with partner coordinated, procured and managed TA has not been very positive.

The question of how to improve country leadership of capacity development will be an important one at Accra. Japan has commissioned a major study of technical cooperation, from which results will become available over the coming months [here](#).

ActionAid, “Real Aid: Making Technical Assistance Work”, 2005

In a stringing criticism of donor practices, ActionAid finds that TA, making up at least a quarter of all ODA, is overpriced and ineffective, and in the worst cases destroys rather than builds the capacity of the poorest countries. Most TA is designed and managed by donors, implemented by firms from the donor’s own country, poorly coordinated and based on false assumptions about expatriate knowledge and recipient ignorance. It is under-evaluated, and stubbornly resistant to change. ActionAid suggests four principles for improving TA: putting recipient countries in the lead; giving them more space to choose their own development path; greater mutual accountability; and more specificity of assistance to country conditions. It advises Southern governments to draw up clear capacity-building plans, and to reject all offers of TA falling outside this framework.

OECD DAC, “2006 Survey on monitoring the Paris Declaration: Overview of the results”, 2007

For the baseline survey, respondents were asked to identify TA meeting all four of the following criteria: (i) the TA supports the national development strategy; (ii) partner countries exercise effective leadership, including clearly communicated objectives from senior officials; (iii) donors integrate their support within country-led programmes; (iv) there are arrangements for coordinating donor contributions, especially pooled funding. What resulted was marked difference in perception between donor and partner country respondents. Partner countries often took the view that no TA at all met all four criteria. Donors tended to score their own programmes more generously. The official baseline was set at 48%, but the DAC notes that this is not a robust figure.

Agulhas, “What is required to deliver external assistance through country systems?”, Thematic Study No. 2, Asian Regional Forum on Aid Effectiveness, Manila, October 2006

This report is based on case studies of procurement reforms in the Philippines and PFM reforms in Bangladesh. The case studies illustrate the importance of long-term, incremental reforms, in which process elements rather than technical sophistication are the main determinants of success. They point to a number of key success factors, including reform processes that are owned and driven by country stakeholders, painstaking consensus building and political management to build and sustain country ownership, a long-term vision for reform supported by considerable short-term tactical flexibility, leadership by the partner country over the form of TA, and TA providers with political and diplomatic, as well as technical, skills.

OECD DAC, “Harmonising donor practices for effective aid delivery: Vol. 2 – Budget support, sector-wide approaches and capacity development in public financial management”, 2006

These DAC guidelines on capacity development in PFM reflect contemporary thinking on good practice in TA. It stresses four key principles: (i) country leadership and ownership; (ii) the design and sequencing of reforms should fit country circumstances, rather than standard or imported solutions; (iii) capacity development must cover the institutional, organisational and individual levels, including both managerial and technical aspects; (iv) donor support should be provided in a coherent, coordinated and programmatic manner.

There is a great deal of technical information and support available on capacity building, drawing lessons from both developing and OECD countries.

Country Analytic Work

This is a directory of country-level analytical work contributed by some 50 different donor organisations. Its extensive document library can be searched by country, agency or theme.

SIGMA

Sigma is a joint initiative of the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD), principally financed by the EU, which supports potential EU members on strengthening country systems. Sigma papers include technical studies on issues such as procurement, developing central policy capacity, PFM, Supreme Audit Institutions, PAR and many other areas.

Capacity.org

Capacity.org is a web magazine-cum-portal intended for practitioners and policy makers who work in or on capacity development in international cooperation in the South. It contains short articles on experiences in capacity development in many different countries.

United Nations Online Network in Public Administration and Finance (UNPAN)

UNPAN promotes the sharing of knowledge, experiences and best practices throughout the world in sound public policies, effective public administration and efficient civil services, through capacity-building and cooperation among the United Nations Member States, with emphasis on south-south cooperation. The site contains analytical reports and best practice guidance on civil service reform.

2.4 Predictability of aid

In the Paris Declaration, donors undertook to provide reliable, indicative pledges of aid over a multi-year span, and to disburse aid in a timely and predictable fashion according to agreed schedules. Predictable aid enables partner countries to manage their public finances and plan their development expenditure. Donors also commit to ensuring that at least 85% of their assistance is reported on the budget.

This is an area where donors have been performing rather poorly. In its [Global Monitoring Report 2005](#), the World Bank found that aid tends to be more volatile than domestic revenues, and that aid volatility has increased over the last decade. The 2006 OECD Survey set an apparently high baseline of 88% of aid reported on budget, and 70% of aid disbursed according to annual schedules. However, there are reasons to be cautious of these figures, as over- and under-reporting and disbursement cancel each

other out, resulting in an artificially high baseline. For the majority of countries and most donors, performance is considerably below this level.

Mokoro Ltd, “Putting aid on budget: draft literature review”, November 2007

This literature review of good practice guidance and donor policies notes that the term ‘putting aid on budget’ is ambiguous, and can mean inclusion of aid in budget plans, parliamentary appropriations, treasury systems, accounting processes or financial reporting. Developing standard definitions and indicators has been problematic. The contemporary approach to management budgets stresses that they should be comprehensive – that is, include all revenue and expenditure in a single, central fund. This increases allocative efficiency, while improving external transparency and accountability. Placing aid on the budget results both in improved aid management and a stronger budget processes, ensuring that donor and recipients share common priorities. The report notes that this is a mutual commitment, and that reasons for poor aid capture can include poor supply of information by donors, weak demand for information by partner countries, and lack of realism in information provided by donors (usually in the form of over-estimates of the speed of project implementation). The treatment of non-cash aid in the budget emerges as particularly problematic, with some partner countries lacking budget categories for recording technical assistance and other in-kind support.

OECD-DAC, “Donor practices on forward planning of aid expenditures”, 11 December 2007

This paper presents the results of a survey of DAC donors carried in 2007. Most DAC donors have annual aid budgets, supported by 3-4 years indicative budget planning. There are one-page descriptions of the budget procedures for each of the DAC bilateral donors.

2.5 Untying aid

The Paris Declaration reaffirms the 2001 DAC Recommendation on Untying Official Development Assistance to Least Developed Countries. The Recommendation covered most categories of aid, but exempted TA and food aid. It sets out monitoring and review procedures that enable DAC to keep statistics on the tying status of aid ([here](#)). Overall, 82% of aid is currently untied.

OECD Policy Brief, “Untying aid to the least developed countries”, July 2001

It is estimated that the tying of aid diminishes its real value by between 15 and 30%. It creates additional administrative burdens for partner countries, while causing a bias towards capital-intensive imports and donor-based technical expertise which may compromise country leadership. In short, tied aid is a costly way of subsidising jobs in donor countries – a form of protectionism that runs counter to the overall OECD commitment to open markets.

ActionAid, “Real Aid: Making Technical Assistance Work”, 2005

ActionAid estimates that some \$2.5 billion, or 3% of total ODA, is lost through tying practices. It states that the US, Italy, Canada, Greece, Spain and Austria are the worst culprits on tying of aid, while Ireland, the UK and Norway have fully untied their aid. It notes that, even where aid is not officially tied, procurement practices (how and where tenders are published; the bundling of contracts into large lots) often mean that donor country firms win the majority of the contracts.

Preparations for Accra

- The DAC Joint Venture on Public Financial Management is planning to produce a report on progress on use of country PFM systems, with recommendations for key actions by donors and partner countries.
- The DAC Joint Venture for Procurement will be producing guidelines on using the new benchmarking methodology, as well as a good practices guide on procurement reform.
- The DAC is preparing a feasibility study on options for promoting regional and local procurement, as part of its Recommendations on untying aid.
- The Strategic Partnership for Africa and the Collaborative African Budget Reform Initiative are preparing a study on 'Putting Aid on the Budget'. Based on 10 country case studies, it will produce a synthesis report and good practice note.
- The Strategic Partnership for Africa is also producing a study on capacity for aid management, including 9 country studies, synthesis report and good practice note.
- The Multilateral Financial Institutions-Working Group on Environment is planning to organising three complementary workshops at Accra: (a) Opportunities in and Challenges to the Use of Country Systems for Environmental and Social Safeguard Policies; (b) Strengthening the Capacity of Public and Private Sector Institutions to Address Environmental and Social Dimensions of Development Plans, Programs and Projects; and (c) Experience with the Use of Strategic Environmental Assessments.
- JICA is coordinating a multi-country study on technical cooperation for capacity development, to generate empirical evidence on how to make TC more effective. It will include 11 country case studies, including Cambodia, Lao PDR, Malaysia, Thailand, Pakistan and Vietnam. Outputs will include a synthesis report and a booklet containing good practices and recommendations.

Issues for the Asia-Pacific region

The Asia-Pacific region, with its strong states, established planning traditions and relatively effective government systems, should be the global leader in country-led capacity development and use of country systems for aid delivery. However, it is not clear from literature whether this is in fact the case.

The debates at Accra would benefit from further research on:

- Which Asia-Pacific countries have expressed clear preferences to donors on aid modalities? Do regional preferences on external assistance (e.g., the high priority given to large infrastructure development) influence choice of aid modality?
- Are there distinctively Asian approaches to capacity building? What makes for a successful reform path? What kinds of capacity-building assistance work best in Asia?
- How predictable is aid to Asia-Pacific? Have donors changed their practices since the Asian financial crisis to ensure that aid flows are counter-cyclical?

The debate at Accra would benefit from more case studies of reform processes, focusing not just on the technical aspects, but on the process of change in all its political complexity. Only a good understanding of the political economy of institutional change in the region will enable donors to lift the quality of their capacity-building assistance. Examples of good case studies can be found here:

- [PFM reform in Bangladesh](#);
- [the education sector in India](#);
- [procurement reform in the Philippines](#).

3. Harmonisation

Harmonisation refers to cooperation between donors to improve the effectiveness and efficiency of their aid delivery. It includes programme-based approaches, joint projects (pooled funding) and other common arrangements, such as joint country plans or shared offices.

Since the 2003 Rome Declaration, donors have been concerned that the proliferation of donors and the fragmentation of aid across too many activities is straining partner country capacity. Under the Paris Declaration, they commit to developing common arrangements for planning, funding, monitoring, evaluating and reporting on aid flows, and to reducing the number of duplicative field missions and diagnostic reviews.

Harmonisation has come to consume a large share of donor time. Joint activities often come with additional transaction costs for donors, even if they are time-saving for partner governments. Joint programmes with too many donors quickly encounter diminishing returns. There are concerns that donors are now spending too much time talking to each other – in effect, doing the same old things in more complicated ways.

The solution would appear to be in a better division of labour among donors. Donors should be achieving greater complementarity by becoming more selective in their choice of sectors, and by using of silent partnerships and other lead donor arrangements. Under the Paris Declaration, donors commit to greater delegation of authority to lead donors, while partner countries agree to provide clear views on donors' comparative advantage.

However, so far there has been very little progress on complementarity at a practical level. In African countries, such as Tanzania, formalising the division of labour through Joint Assistance Strategies (JASs) has come to represent the state of the art in harmonisation. JASs are now preparation in some 15 African countries, but have not yet been tried in the Asia-Pacific region, although there have been some more modest attempts at joint country planning in Bangladesh and Cambodia.

Agulhas, “Are donor harmonisation initiatives a good investment in improved aid effectiveness?”, thematic study for the Asian Regional Forum on Aid Effectiveness, Manila, 2006

This report is based on case studies of joint country planning initiatives in Bangladesh and Cambodia. Groups of four donors came together to conduct joint analytical work and risk analysis, and produce a common set of high-level objectives to guide their country strategies. Though each donor then developed its individual country strategy, these joint planning initiatives helped to improve strategic coordination and generate complementarities in programming. In Bangladesh, the partners developed a common outcomes matrix, nominating a lead donor for each outcome and sub-area for strategic planning and policy dialogue.

COWI, “Joint Assistance Strategies in Tanzania, Zambia and Uganda: Final Report”, commissioned by Danida and the European Commission, 2005

This report summarises the content and process of Joint Assistance Strategies (JAS) in three African countries. The JASs provide a joint donor response to the financing requirements of the PRSP, setting out a common set of priorities, a common assessment framework for financing decisions, and a common set of indicators for measuring impact. In Tanzania, there is strong country leadership of the JAS, and government finds it's a valuable tool for managing its donor relations. It sets out the government's preference on aid modality, including a target of 70% general budget support. It

contains a chapter on complementarity, with a complicated process of capacity assessments, stakeholder consultations and adjustment of donor programming. However, this does not appear to have been implemented. In Zambia, by contrast, the JAS process was largely donor driven, but donors have made some progress in agreeing their own division of labour. In Uganda, division of labour has made little progress in the face of limited government interest. The study finds that the JASs are very sensitive to the design of the negotiation process, given the many different interests and predispositions among (and within) donor agencies, and that 2-3 years was required to achieve agreement.

European Commission, “EU Code of Conduct on division of labour in development policy”, 2007

In February 2007, the EU member states agreed on a voluntary code of conduct on division of labour. In a series of flexible guiding principles, it encourages EU donors to select two focal sectors per country based on their comparative advantage (plus budget support and support to civil society). For other sectors, they should either exit or work through a silent partnership. In each strategic sector, there should be at least one EU donor active, but no more than three. Note that it is not at all clear how these principles will be made operational. With the expansion of the EU to 27 members, many new, small donors are coming on line, each with their own visibility requirements. The maximum of 3 donors per sector cannot apply equally to the European Commission and a small donor from Eastern Europe.

OECD-DAC, “Towards better division of labour: concentration and fragmentation of aid”, Global Forum on Development, December 2007

This report presents the results of a DAC survey on aid fragmentation. It contains useful data, including the number of countries in which each DAC donor is active (e.g. 140 for the European Commission) and the number of donors per country (there are 37 countries with 24 or more donors). It points out the problem of the long ‘tail’ of small donors. There are 24 countries where more than 15 donors jointly contribute less than 10% of total ODA. The health sector in particular is characterised by a large number of small donors. In 2005, Cambodia had 27 donors, of which 16 provided less than 10% of ODA. 22 of them were active in the health sector, with 17 providing less than 10% of health ODA.

Preparations for Accra

- The OECD-DAC Joint Venture on Managing for Development Results is preparing a set of good-practice guidelines and a self-assessment tool for donors on improving incentives for harmonisation and alignment.
- The DAC is planning to produce draft principles on complementarity and rationalised aid delivery, to become part of the Accra Action Agenda.
- The World Bank’s Legal Vice Presidency is launching a Legal Harmonization Initiative aimed at harmonising operational policies, practices and documentation between IFIs and bilateral donors. It will address issues such as guidelines for joint financing MoUs, legal structures for SWAs, information disclosure policies, use of country systems, and standardising terms and conditions for legal agreements. A progress report will be presented at Accra.

Issues for the Asia-Pacific

Donor fragmentation is as much a problem in Asia (although less so in the Pacific), as in Africa. India has addressed the issue through 'minimum stake' rules for donors. Most Asian countries, however, do not appear from the literature to have taken up the complementarity agenda.

So what are the Asian interests around harmonisation? The debate at Accra would benefit from clear signals on a number of points:

- How do donors decide on the division of labour in the Asia-Pacific? What mechanisms have evolved, and how successful are have they been?
- Is there an optimal number of donors per sector? Are Asian countries expressing preferences to donors on how to coordinate their efforts?
- Do the countries of the region place greater weight by the efficiency or the effectiveness of aid? To what degree are transaction costs seen as a problem? Which donor practices would Asian countries most like to change?

4. Managing for results and development impact

The Paris Declaration commits both donors and partner countries to managing their resources so as to maximise development results. This means having systems in place to monitor the impact of development initiatives, and using the information to improve decision making and programme performance. Specifically, donors and partner countries agree to establishing common reporting and assessment frameworks for more effective results monitoring, and donors agree to invest in capacity development and rely on country monitoring systems.

Most countries have gone to considerable lengths to produce performance assessment frameworks with elaborate lists of indicators, in support of their national development strategies. Many have also tried to rationalise the multiple monitoring mechanisms for development assistance into a single, national monitoring system.

However, experience suggests that this managing for results is one of the hardest principles of implement. The quality of administrative and financial data tends to be very poor. Fragmented government administrations are reluctant to share information. Many PRSPs are intrinsically difficult to monitor because of their “missing middle” – the lack of an explicit theory on how the programmes are supposed to affect poverty outcomes. Most difficult of all, information on development outcomes is rarely used by policy makers to improve their policies.

There is now a considerable volume of guidance and information available to assist countries with managing for results. This Working Table is likely to focus on practical lesson learning and overcoming obstacles.

World Bank, “Results-based National Development Strategies: Assessment and Challenges Ahead”, October 2007

Three criteria: (i) quality of development information; (ii) stakeholder access to development information; and (iii) co-ordinated country-level monitoring and evaluation. The quality of survey-based data on poverty and human development has been increasing in most countries, but administrative data remains a weakness. Data sharing and dissemination have somewhat improved, but feedback loops into policy and planning remain a major challenge. On the whole, only 3 countries from the sample of 62 had “largely developed” performance assessment frameworks, although more than half had taken some action towards establishing them.

David Booth and Henry Lucas, “Good practice in the development of PRSP indicators and monitoring systems”, ODI Working Paper 172, July 2002

This study finds that the PRSP initiative has led to an upsurge the measurement of final poverty outcomes, through household surveys and participatory poverty assessments. However, there is less interest in measuring intermediate process and achievements, which in the short term is more important for both learning and accountability. This contributes to the famous problem of the “missing middle”: PRSPs tend not to identify the causal process by which their proposed actions will impact on poverty outcomes. This makes it difficult to select indicators which will verify whether or not these causal effects are actually taking place. It stresses that what matters is not technically advanced monitoring systems, but mechanisms to ensure that the available information is used to inform policy making. It calls for a new “political economy of information” to understand why this is not happening.

Lucas, Henry, David Evans & Kath Pasteur (IDS), “Research on the current state of PRS monitoring systems”, DFID, July 2004

This detailed study commissioned by DFID explores institutional frameworks for poverty monitoring, capacity constraints, decentralisation, participation, data sources, analysis, dissemination and policy feedback. It notes a tendency for monitoring reports to be produced to meet donor requirements, rather than support national policy-making, and for the tendency of donors to undermine the creation of a national system by insisting on stand-alone monitoring arrangements.

Tara Bedi, Aline Coudouel, Marcus Cox, Markus Goldstein and Nigel Thornton, *Beyond the Numbers: Understanding the Institutions for Monitoring Poverty Reduction Strategies* (World Bank: Washington, 2006)

This World Bank book is a study of the institutional arrangements for poverty monitoring systems, based on 12 country case studies. It finds that the record on establishing monitoring systems is very modest. Few countries have made much progress in rationalising *ad hoc* monitoring arrangements into a coherent system. Lack of coordination, lack of demand for information from decision makers, unclear mandates and responsibilities, lack of relevant and timely data and limited accessibility are all identified as key constraints to a culture of results-based decision making. It finds that, beyond weaknesses in data collection, few countries are making effective use of the data they have. There is a lack of data analysis, poor dissemination of data, and no institutionalised processes for feeding results information back into the policy and budget processes. Given the scale of the challenges, the book concludes that developing an effective national monitoring system needs to be a gradual process, beginning with what is already there and introducing a flexible system that can be adapted over time. The book also contains diagnostic and guidance tools designed to help practitioners develop monitoring systems.

It is widely accepted that civil society organisations have a comparative advantage in certain types of monitoring, particularly participatory poverty assessments and budget monitoring. Their involvement not only generates useful information for policy makers, it also helps with the public dissemination of results information and helps to boost accountability. There are many resources around to help civil society in this process, including:

The International Budget Project

The IBP was formed within the Center on Budget and Policy Priorities in 1997 to build civil society capacity to analyze and influence government budget processes, institutions and outcomes. The IBP works with organisations that focus on the impact of the budget on poor and low-income people in developing countries or new democracies, with a view to making budget systems more responsive to the needs of society and more transparent and accountable to the public. It supports individual CSOs engaged in capacity building on budget monitoring, encourages civil society networks, and seeks to raise the profile of budget work in the international community. It commissioned a briefing paper from ODI on how civil society can have policy influence through budget monitoring (posted [here](#)).

Budget Information Service (BIS)

BIS was created by the Institute for Democracy in South Africa (IDASA) in 1995 to monitor inclusion and democracy in post-apartheid government policies. It has established a strong reputation in budget analysis, and provides support to civil society organisations throughout Africa. Its site contains many useful resource and toolkits, particularly on fiscal decentralisation and gender auditing.

Additional information and guidance for partner countries on monitoring and evaluation can be found on the following sites.

DAC Network on Development Evaluation

This sites includes the official DAC criteria for evaluating development assistance, guidance on joint evaluations, and various publications from the Evaluation and Aid Effectiveness Series. It links to the [DAC Evaluation Resource Centre](#): a one-stop-shop for use by partners, development agencies, civil society, researchers, students and the interested public to quickly and easily find, access and learn from a wide array of key evaluation publications. It contains over 1500 evaluation reports, and is updated regularly.

DAC Joint Venture on Managing for Results

The Joint Venture was formed to promote international lesson-learning and communities of practice on managing for results. It conducts periodic Roundtables for exchanging international experience, most recently in [Hanoi in February 2007](#). It has also published a [Sourcebook on Emerging Good Practice in Managing for Results](#).

World Bank PovertyNet

Poverty monitoring involves tracking progress over time in achieving results in reducing poverty, including setting indicators and targets, building statistical system and setting in place poverty monitoring systems. The World Bank PovertyNet site offers a variety of resources, including country reports, data sources, training materials, key readings and links.

Partnership in Statistics for Development in the 21st Century (Paris 21)

Paris21 is a partnership of policymakers, analysts and statisticians from around the world, established following the UN Conference on Development in 1999. It promotes the production of high-quality statistics and statistical systems, and encourages the development of a culture of evidence-based policy making. The site contains documentation on measuring progress against MDGs, managing and developing statistical systems, and designing and implementing national statistics development plans. It has produced a [“Guide to designing a National Strategy for the Development of Statistics \(NSDS\)”, November 2004](#) – a manual designed to assist developing countries and their international advisers to design statistical systems and promote better use of statistical data.

Managing for Results at the Asian Development Bank

The ADB sites contains an MfDR Resource Center, with ADB policy documents, best-practice guidance and other relevant documents on managing for results. It contains a wealth of case study material from Asia.

Preparations for Accra

- The OECD-DAC Joint Venture on Managing for Development Results is planning to produce a revised methodology for applying PD Indicator 11 (performance assessment frameworks), a MfDR country capacity assessment tool and a new edition of the Sourcebook on Emerging Good Practice on MfDR.

Issues for Asia-Pacific countries

A number of Asian countries, including Vietnam and Japan, have been very active at promoting regional networks to support managing for results. Technical expertise on poverty monitoring and choice of indicators appears to be relatively strong. It is the institutional side that presents the greatest challenge.

There are a number of key questions that would benefit from greater evidence:

- How have Asian countries organised monitoring systems across decentralised administrations? Have they succeeded in creating incentives to improve the quality of administrative data at the local level?
- Which Asian countries have opened up their budget processes to external monitoring? Are there successful examples of strengthening accountability and grass-roots democracy through greater participation in the budget?
- Under what circumstances does the political leadership make use of evidence on results when setting development policy?

5. Mutual accountability

A key innovation of the Paris Declaration is that the commitments are reciprocal in nature, applying both to donors and partner countries. This creates for the first time the possibility for mutual accountability.

However, mutual accountability is a difficult principle to institutionalise. A few countries (Tanzania; Vietnam) have introduced independent monitoring of aid effectiveness. Under the 2006 Baseline Survey, 41% of countries reported having some kind of mutual review mechanism, although the quality of these reviews varies significantly. Some commentators are sceptical that devices such as these can overcome the imbalance of power between donor and recipient.

The Paris Declaration itself provides little assistance. It refers both to accountability between donors and recipients on aid effectiveness, and to strengthening the domestic accountability of partner governments for their use of development resources in general. The relationship between these different forms of accountability is unclear.

It is fair to say that at present there is little consensus on mutual accountability. In preparation for Accra, the Joint Venture on Managing for Development Results is conducting two studies on mutual accountability: at country level (conceptual and good practice paper, recommendations); and at international level (study on existing mechanisms, synthesis report). It is hoped that these studies will produce a clearer vision of how to move forward.

International mechanisms

Paolo de Renzio, “Promoting mutual accountability in aid relationships: synthesis note”, ODI, January 2006

This paper describes a number of mechanisms for mutual accountability at the international level, including the EU's Cotonou Agreement, the DAC Peer Review process, the WB and IMF Global Monitoring Reports and the Africa Partnership Forum. It finds they are generally quite weak, with loose targets, unclear monitoring mechanisms, limited recipient voice and lack of enforceability. It calls for more dissemination of information on aid flows and performance, more independent monitoring of donor behaviour, stronger fora for high-level dialogue and measures to promote a common voice among Southern countries. At the country level, the paper argues that mutual accountability requires four conditions: confidence, credibility, coherence and capacity.

ActionAid, “Making aid accountable and effective: an ActionAid Ten Point Plan for real aid reform”, 2007

ActionAid argues that closed-door discussions between donors and partner governments can never be enough to secure mutual accountability. It argues for donors to adopt binding, monitorable agreements setting out the quantum and terms of external assistance. Donors should be held to account in international fora for their performance against their commitments. This should be done in a more representative institution than the OECD. It argues for the creation of a UN Commissioner on Aid, who would review donor conduct and act as an ombudsman to resolve disputes.

Country-level mechanisms

Agulhas, “What new structures are emerging at country level to support a more effective and accountable development partnership?”, Thematic Study No. 5, 2006 Asian Regional Forum on Aid Effectiveness, Manila, October 2006

Based on studies of the development partnership in Vietnam and Cambodia, this paper describes a number of processes that are contributing to greater mutual accountability: (i) the negotiation of detailed aid-effectiveness commitments at country level; (ii) more intensive dialogue around aid practices; and (iii) the establishment of baselines and review processes to increase the transparency of aid practices. However, it also identified a number of factors working against mutual accountability, including lack of delegation of authority by donors to their country offices, poor information flows between donors and government and in some cases a lack of commitment on both sides.

Marcus Cox, Samuel Wangwe, Hisaaki Mitsui and Tran Thi Hanh, “Independent Monitoring Report on implementation of the Hanoi Core Statement”, Hanoi, November 2007

The Independent Monitoring of the Hanoi Core Statement (HCS) concluded that, while the basic elements for mutual accountability were in place in Vietnam, including clear, country-level, aid-effectiveness principles and commitments, well developed dialogue structures and an independent review mechanism, mutual accountability was still not very effective. The Report found that the HCS implementation process had become bogged down in detailed reforms, and the mutual accountability would be strengthened by separating political oversight from technical management. It also suggested an annual action plan on aid effectiveness, focusing on a few strategic priorities, to increase the focus.

See also the work of the Independent Monitoring Group in Tanzania, whose reports can be found [here](#).

Debt Relief International, “Aid effectiveness: better indicators needed: non-OECD aid often highly effective”, *Strategies for Financing for Development*, Newsletter of HIPC CPB, Issue 32, 2007

The organisation Debt Relief International has developed a methodology to assist HIPC countries to assess the quality of their aid providers, based on their policies and procedures. The methodology uses the Paris Declaration indicators, plus additional indicators on concessionality, conditionality, predictability, flexibility in response to exogenous shocks, coverage of key PRSP sectors and so on. The idea is that donor league tables of this kind will increase competition among donors, and enable developing countries to make informed choices between aid providers.

Preparations for Accra

- The OECD-DAC Joint Venture on Managing for Development Results is planning to develop a set of recommendations on mutual accountability mechanisms. To that end it has commissioned two different studies: one on mutual accountability at the international level (managed by DFID) and the other at the national level (managed by Germany).

Key issues for the Asia-Pacific region

The Asia-Pacific region is in general less aid dependent than Africa, giving it more equal relations with donor countries. Countries such as Vietnam can be quite assertive with donors, negotiating a mature development partnership. However, from the literature, it appears that they remain reluctant to criticise donors for poor aid practices.

Useful questions to explore for Accra would include:

- What structures have been developed at country-level for mutual accountability? How can peer pressure between donors be intensified?
- What has been the experience with independent monitoring on aid effectiveness?
- What is the relationship between mutual accountability with donors, and domestic accountability for the use of development resources? Are the two in conflict? Are there useful examples in the region of bringing parliaments and civil society into the accountability relationship?

6. Civil society and aid effectiveness

What is the role of civil society in aid effectiveness? On the one hand, international civil society has been a strong advocate internationally of changes in donor aid practices, and is increasingly active in policy debates.

On the other hand, NGOs are also major development actors in their own right, both as donors and as implementing agencies. The DAC estimated private philanthropic flows to developing countries at \$3 billion in 2003 (compared to around \$8 billion in ODA), and that number has since expanded dramatically with the arrival of new private foundations like the Bill and Melinda Gates Foundation and the Clinton Global Initiative. Should there be a set of aid-effectiveness principles applying to NGOs?

The DAC has been running consultations with civil society as part of the preparations for Accra. An Advisory Group on Civil Society and Aid Effectiveness has been formed, comprising representatives of civil society organisations (CSOs), donors and partner countries and chaired by CIDA, to assist civil society to prepare for and participate at Accra and to provide them with a platform for participating in aid-effectiveness debates. There will be six regional consultations and several international conferences bringing together northern and southern NGOs.

An International CSO Steering Group has also been established to coordinate a parallel, CSO-led consultation process, including an event in Accra. A draft policy paper has been produced, and is being circulated among NGOs for comment. Its activities are reported on the [BetterAid website](#).

International CSO Steering Group, “From Paris 2005 to Accra 2008: Will aid become more accountable and effective? – a critical approach to the aid effectiveness agenda”, 2007

The paper describes aid effectiveness as one of a triad of issues on development finance, along with debt and realising the 0.7% GNI pledge. It states that some donors have attempted to reduce the Paris agenda to a mere technical process around aid delivery, ignoring its key political dimensions. It calls for the agenda to be broadened to encompass the ultimate goals of development – poverty reduction, gender equality, human rights and social justice. It calls for a more democratic interpretation of country ownership, for a complete end to all policy conditionality, for higher standards of openness and transparency on the part of both donors and partners, and for more support to NGOs as development actors. It calls for a new system of independent monitoring of the Paris Declaration at international, national and local levels, supported by a new ECOSOC Development Cooperation Forum. It calls for donors to use aid purely for poverty eradication, and not for their own foreign and economic policy interests, for the untying of all aid, the reform of technical assistance, a more needs-based aid allocation process, and new targets on multi-year predictability of aid.

Advisory Group on Civil Society and Aid Effectiveness, “Concept Paper”, September 2007

This concept paper notes that CSOs play three roles in the development architecture: as donors; as channels or recipients for ODA; and as watchdogs of the public interest. While the Paris Declaration does not create obligations for CSOs, it refers to them in a number of contexts, including consultations on aid coordination and participatory approaches to formulating and implementing national development strategies. The Paris Declaration seems to imply that the national development strategy represents a national consensus on development priorities, without recognising the reality of political debate.

It fails to acknowledge that CSOs may legitimately represent alternative points of view. CSOs therefore seek an understanding of country ownership that is more political in nature, allowing space for a plurality of views and recognising the reality of power imbalances. The concept paper also notes that, while CSOs can at times be effective partners of government and donors within development programmes, they also have a comparative advantage in localised, participatory development initiatives.

Advisory Group on Civil Society and Aid Effectiveness, “Issues Paper”, September 2007

This paper is designed to initiate discussion on the quality of CSO relationships with their primary constituents, with each other, with partner country governments and with donors. It suggests a range of issues affecting the quality of these partnerships. Regarding partner country governments, it notes the importance of an enabling legal environment for civil society activity, of institutional platforms for policy dialogue and of partnerships in the implementation of development projects and programmes.

Real Lavergne and Jacqueline Wood, “Aid effectiveness and non-state partnerships: analytical considerations”, paper for CIDA, December 2006

This paper notes that the new aid paradigm relates mainly to government-to-government relations, and is abstracted from local political realities and human rights issues which are of more concern to civil society actors. While civil society recognises the importance of the aid-effectiveness agenda, it has difficulty defining its own role within it. The paper suggests several ways of enriching the agenda, to include: more recognition of the role of non-state actors in areas such as enhancing political representation, advocacy, innovation, knowledge sharing and building social capital; more elaboration on donor partnerships with non-state actors; more recognition of the political dimension of development; a recognition of the limits of planning and the value of decentralised development activities.

Catherine Agg, “Trends in Government Support for Non-Governmental Organizations – Is the “Golden Age” of the NGO Behind Us?”, UNRISD Civil Society and Social Movements Programme Paper Number 23, June 2006

This very interesting study of the rise of NGOs as development actors notes that they were seen by donors during the 1990s as a means of bypassing weak and corrupt states. This involved assumptions that were untested empirically and had dubious democratic credentials. The return to alignment and programmatic assistance undermined the position of NGOs, leading some to predict the demise of the NGO sector. However, while some donors (Canada, Sweden, Switzerland) have significantly reduced the proportion of their ODA going through INGOs, others (the UK, Norway, Japan, the Netherlands) have not, but have encouraged their NGOs partners to move away from implementing small aid projects towards partnership and knowledge transfer with Southern NGOs. In addition, the rise of global funds and private philanthropic flows has created new sources of funding for international NGOs. The article is critical of INGO practices towards Southern NGOs, noting their tendency to control funding sources and create dependency. Their continuous efforts to transfer their own skills and promote their own countries’ development agenda often create resentment among their Southern partners. It suggests that Southern NGOs need greater autonomy to play a constructive role in their own societies.

Key issues for the Asia-Pacific region

Civil society from the Asia-Pacific region is not playing an active role in aid-effectiveness debates. The debates underway among international development NGOs in preparation for Accra would certainly benefit from an Asia-Pacific perspective. Many of the issues under discussion have been historically been of great interest to Asian NGOs, including country ownership and policy conditionality.

In addition, it would be useful to have some clearer statements from Asia-Pacific countries about the role of national civil society in the development process. Many Asian countries have begun to recognise the potential of partnerships with civil society in meeting new development challenges, particularly around rapid urbanisation and the social challenges it generates. But the literature suggests that, in some countries, development NGOs still have uncertain legal status, and are not yet fully accepted as participants in the policy-making process.

Useful questions for Accra would include:

- What effect has the Paris Declaration had on NGOs and other civil society actors in the Asia-Pacific region? Has it increased or decreased their capacity to participate in the development policy process?
- What role do NGOs play in development in the region? What good examples of partnership have emerged?
- What is the relationship between local and international NGOs in the region? Are international NGOs supporting local civil society in ways that allow them to pursue their own interests?

7. Fragile states

Donors use the term ‘fragile’ for states with a high degree of political or institutional instability or incapacity, where conventional aid-effectiveness principles are most challenging to apply. There is no official definition of a fragile states. The World Bank uses the term for countries with a low score on the IDA Resource Allocation Index (formerly CPIA score). Donors like DFID use a more subjective analysis, drawing on sources such as the [Failed States Index](#) published by the Fund for Peace.

The Paris Declaration contains a short section on fragile states. It states that, while the guiding principles of aid effectiveness apply, they need to be adapted to take account of weak ownership and capacity, and to meet the immediate needs of service delivery. It recommends that donors harmonise their activities with each other, through joint needs assessments and strategies, while involving national counterparts as much as possible through instruments such as Transitional Results Matrices.

This has been supplemented by a set of Principles for Good International Engagement in Fragile States, which have been piloted and refined over the last couple of years. While there is clearly a need for some kind of guiding principles in fragile states, there is continuing debate in the literature about how far the Paris Declaration paradigm is applicable.

DAC, Principles for Good International Engagement in Fragile States

There are 12 basic Principles: (i) take context as the starting point; (ii) do no harm (avoid sudden, destructive cuts in assistance); (iii) state-building is the central objectives; (iv) prioritise prevention and risk analysis; (v) recognise the political-security-development nexus; (vi) align as much as possible with local priorities and systems, including ‘shadow alignment’; (vii) donors should ensure coherence among their own agencies through ‘whole of government’ approaches; (viii) development practical coordination mechanisms; (ix) mix and sequence aid instruments to suit the context; (x) act fast and exploit windows of opportunity; (xi) stay engaged – core institutions require at least 10 years to build; (xii) avoid pockets of exclusion.

OPM, “Support to piloting the principles for good international engagement in fragile states: Synthesis Report”, October 2006

OPM has been providing support to the piloting exercise for the Principles. Based on its experience, this report notes that donors approved of the idea of a set of Principles for fragile states, and considered that it was possible to develop a national aid-effectiveness agenda on this basis. However, they stressed the need for flexibility in the application of the Principles, to adapt them to country context. They also noted the tendency of different actors to reach very different conclusions about what the Principles actually mean. There were concerns that the Principles were silent on gender, human rights, democratisation, corruption and the role of the private sector – all of which were considered very important in fragile states.

DAC, “Whole of Government approaches to fragile states”, 2006

This DAC reference document provides guidance on ‘whole of government approaches’ (WGAs) to fragile states – that is, coherent policies and actions across the security, political and economic affairs, as well as the provision of humanitarian and development aid. It notes that these sphere often come into conflict, and government departments often have strong disincentives to work in cooperation with each other. It recommends that WGAs are overseen by the highest level of government, and involve consultations across a wide range of stakeholders, upfront investment in joint analysis and country-specific joint operational strategies.

Nicholas Leader and Peter Colenso, “Aid instruments in fragile states”, March 2005

This review by DFID of the choice of aid instruments in fragile states looks at joint frameworks for strategic planning and coordination, programme aid (e.g., balance of payments support, debt relief and budget support), technical cooperation, projects, social funds, pooled funding arrangements, multi-donor trust funds, global funds and partnerships, and humanitarian assistance. It notes that the traditional approach of donors was to offer limited funding, mainly humanitarian projects delivered through NGOs, with short time commitments, with TA as an attempt to improve government policies but little attention to alignment. This was exactly the reverse of the Paris Declaration principles. It argues for a new approach, which recognises the diversity of fragile states contexts and, while recognising the element of risks, work nationally and programmatically rather than through projects. Programmatic interventions should work with the state, as well as a broad range of other actors. Strategic frameworks such as Consolidated Action Plans and Transitional Results Matrices can help to provide coherence within and between donors. The general principles of the Paris Declaration should be applied as far as possible, recognising that harmonisation among donors is not substitute for alignment. It recommends careful selection and sequencing of aid effectiveness, based on the interplay of commitment and capacity for poverty reduction.

ODI, “Harmonisation and alignment in fragile states”, report to the Senior Level Forum on Development Effectiveness in Fragile States, London, January 2005

This study, commissioned by the DAC, assesses whether the harmonisation and alignment agenda is relevant to fragile states. It argues that aid-effectiveness principles are even more important in fragile states, given the potential for donor behaviour to undermine fragile state-building processes. It stresses the differences among fragile states, depending on the level of country leadership and political relations with donors. It introduces the concept of ‘shadow’ systems alignment, whereby donors work in a way that is as compatible as possible with government systems, without necessarily aligning to government policies – for example, using national budgetary classifications and timetables, with a view to moving towards full alignment over time. It contains recommendations around diagnostics, progressive alignment, harmonisation, selectivity and sequencing of interventions, support to policy-making processes and monitoring.

Agulhas, “Developing Poverty Reduction Strategies in Low-Income Countries Under Stress”, January 2005

This report, commissioned by the World Bank and DFID, argues that the PRSP approach is directly applicable to LICUS countries (that is, countries with the lowest CPIA scores). While the undertaking is more difficult and the results more modest, the PRS is nonetheless a useful tool for addressing deep-seated institutional problems. The focus should be on progressive introduction of PRS practices into donor and government behaviour, as and when country conditions allow. Where a PRSP is impractical, donors can rely on a Transitional Results Matrix as a transitional step. It recommends that PRSPs in fragile states should focus more on governance reforms and institutional requirements for poverty reduction, and to focus monitoring more on the process of institutional change. The report is based on six case studies, including Lao PDR, Yemen and Timor Leste.

Stephen Baranyi & Kristiana Powell, “Fragile states, gender equality and aid effectiveness: a review of donor perspectives”, August 2005

This report notes that gender equality is a central feature of state fragility, and that the burden often falls disproportionately on women and girls. At the same time, gender relations can equally support or undermine political progress. The paper reviews the policies of AusAID, DFID, the DAC, selected UN agencies, USAID and the World Bank. It suggests that they have not begun to bring their expertise on gender into their

work on fragile states, concentrating at most on minimalist priorities like providing basic education to girls rather than embedding gender equality in their approach good governance. It recommends more involvement of stakeholders representing women, reviewing analytical frameworks to incorporate gender dimensions and incorporate more gender equality programming tools.

Lisa Chauvet & Paul Collier, “Development effectiveness in fragile states: spillovers and turnarounds”, 2004

This famous econometric study find that, once a state enters ‘fragility’, it is likely to take considerable time to exit that status. The costs of fragility, both to the state itself and its neighbours, are extremely high, estimated at around \$80 billion. It stresses the importance of a ‘turnaround’, when a fragile state begins to improve its policies and institutions. It finds that TA delivered before a turnaround has begun has no discernible effect, but can be highly effective after that – that is, it is effective only when a country both wants and needs it. Other forms of assistance are most effective during the middle of the first decade of reform (5th to 8th year of the turnaround). More of Collier’s work can be found on his [website](#).

There is a lot of information available online about aid effectiveness in fragile states.

DAC Network on Conflict, Peace and Development Co-operation (CPDC)

CPDC is an international forum bringing together conflict prevention and peace-building experts from donor governments, the EC, the UN system and the International Financial Institutions. The website contains publications on:

- [understanding conflict prevention and peace-building](#) and integrating an awareness of conflict-related issues in all policy areas, including development co-operation, foreign affairs, defence, and trade.
- [governance and participation issues](#), including democratisation processes, elections, access to justice, support for civil society.
- [security system reform](#), including security system reform, small arms, disarmament, demobilisation and reintegration (DDR), and access to justice and the Rule of Law
- [environment, conflict and peace](#) including land, water and valuable minerals
- [social drivers of conflict](#), including reconciliation, education and trafficking.

Governance and Social Development Resource Centre (GSDRC)

DFID’s open-access GSDRC contains a useful topic guide on fragile states, including publications on policy coherence, harmonisation and alignment, aid allocation and aid instruments.

World Bank on fragile and conflict-affect states

The World Bank site links through to a large number of publications and sites on conflict analysis, governance and participation, security sector reform, environment, social drivers of conflict and many other issues. The publication “[Making aid work in fragile states: case studies of effective aid-financed programs](#)” (2005) contains case studies from Timor Leste and Cambodia.

Conference: Engaging with Fragile States – Challenges and Opportunities, Addis Ababa, July 2007

This event, hosted by the World Bank’s Independent Evaluation Group, was designed to share experience on working in fragile states. It included sessions on governance, capacity building, donor coordination and post-conflict transition. The conference presentations can be found [here](#).

Senior Level Forum on Development Effectiveness in Fragile States, London, 13-14 January 2005

This high-level meeting on aid effectiveness in fragile states helped to shape current policy approaches in fragile states. The website contains an extensive list of [background papers](#), on topics such as defining fragile states, policy coherence, aid instruments and service delivery, aid allocation and harmonisation and alignment.

United Nations – World Institute for Development Economic Research (UNWIDER)

UNWIDER has an extensive list of publications on fragile states and post-conflict recovery, that can be searched on their publications page.

Issues of the Asia-Pacific region

The Asia-Pacific region is a rich source of lessons on state-building (Timor Leste; Afghanistan), on complex peace processes (Sri Lanka; Cambodia; the Solomon Islands) and major humanitarian operations (the 2004 Indian Ocean tsunami; the 2005 Pakistan earthquake). This experience is documented through an extensive literature.

However, there a number of important issues which are not yet treated in any detail in the literature.

- The DAC principles stress the importance of ‘Whole of Government’ coherence – namely, between aid and policy areas like security, immigration and trade. There are complex geopolitical interests at play in Asia, which make these principles difficult for donor countries to apply. It would be very useful to have practical examples from the region on lack of coherence, and the costs involved.
- Asian countries are playing an increasingly important role in both humanitarian response to disaster, and in helping to stabilise conflict-affected countries. However, the experience of Asian donors is not captured in the literature.

8. Health as a ‘tracer sector’

The OECD-DAC has decided to treat health as a ‘tracer’ sector for implementation of the Paris Declaration, to shed a more practical light on changing aid practices.

The health sector accounts for 3 of the 8 MDGs, making it a critical sector, but one where progress has been hard to achieve. It has seen both major increases in resource allocation, and a proliferation of aid instruments and approaches. It is also the sector where the international aid architecture has been at its most dynamic, with the emergence of more than 100 global partnerships and vertical funds addressing different health challenges. Not all of these developments have been conducive to improved harmonisation and alignment. The health sector therefore offers a rich source of lessons and experience.

World Bank and World Health Organization, “Aid effectiveness in health”, Paper for the Global Forum on Development Pre-Meeting on Aid Effectiveness in Health, December 2006

This is a report of a meeting between the World Bank and the WHO on aid effectiveness in the health sector. The challenge is to balance vertical financing (money raised for specific communicable diseases) with horizontal spending to improve health systems. The new global health funds have been effective at mobilising finance and at partnerships with the private sector, but have tended to overshadow sectoral coordination. There is a tension between the global funds’ focus on results on particular health issues, with the need for sustainable development of health systems. To balance these pressures, the two organisations have developed new Good Practice Guidance, and will be carrying out further analysis with a view to presenting recommendations at Accra.

World Bank, “Integrating global partnership programs with country-led national programs: synthesis of findings and recommendations”, December 2006

This study looks at the ability of global programmes – e.g., Global Fund to Fight Aids, TB and Malaria (GFAMT), Global Environment Facility (GEF), Global Alliance for Vaccines and Immunization (GAVI), Education for All Fast Track Initiative (EFA FTI) and the Consultative Group on International Agricultural Research (CGIAR) – to align with country priorities and systems. It finds large variations depending on the characteristics of individual funds. EFA FTI is an example of a well-aligned mechanism, while the global health funds are struggling to fit within country-level coordination mechanisms. The challenge is greater in ODA-dependent, low-capacity countries, where recurrent funding for health systems is more difficult to secure. The report concludes that the proliferation of new global programmes needs to be controlled, and where they are necessary they should be designed with a view to fitting better within the overall development landscape.

Denis Dreschler & Felix Zimmerman, “New actors in health financing: implications for a donor darling”, OECD Development Centre Policy Brief No. 33, 2006

This paper is based on a study of the health sector in Ghana, which has seen a rapid increase in financing not just from donors, but also global programmes, NGOs, private foundations, the pharmaceutical industry and FDI. Despite this, both the volume and quality of health services have declined, while the MDG health indicators have stagnated or deteriorated. The authors attribute this to weaknesses in policy making and planning in the face of increasingly complexity in the sector. They single out three factors: (i) a lack of information systems to forecast flows and design more effective policies; (ii) a lack of coordination mechanism encompassing both traditional donors and new actors; and (iii) weaknesses in country ownership and leadership capacity, in particular higher-level management skills in the health administration.

WHO, “Aid effectiveness and health: making health systems work”, Working Paper No. 9, 2007

Aid effectiveness is particularly challenging in health, not just because of the complexity of the aid architecture, but because of the large numbers of donors, the extent of unmet needs, cross-sectoral implementation challenges, private sector involvement in health services, and the long-term recurrent nature of most health needs. Progress towards the MDGs has been slow, despite scaled-up assistance. Health often receives insufficient priority in PRSPs, with little attention to equity and financial sustainability. Global funds have led to distortions in health financing – for example, funding for HIV-AIDS doubled between 2000 and 2004, while funding for primary health care dropped by half. Some global issues like SARS and avian flu have attracted a great deal of attention, while developing vaccines needed by poor countries has not. With more than half of aid off-budget and earmarked for specific projects, recipients find it difficult to secure sustained funding for health systems. General budget support has not necessarily led to increased health sector spending.

WHO, “Poverty Reduction Strategy Papers: their significance for health – second synthesis report”, 2004

This paper is somewhat dated, but looks at how first-generation PRSPs dealt with the link between health outcomes and poverty. PRSPs recognise poor health as one of the elements of poverty, but few provide comprehensive information on the health needs of poor people. Few examine the specific difficulties of deliver health services to poor people. “In the main, PRSPs do not systematically identify those health issues which are the biggest contributors to poverty or the greatest brake on economic growth, and then set out to tackle them. Nor do they look systematically at the health situation of the poor – beyond noting that they tend to have the worst health outcomes and are unable to afford health care fees.”

There are a various international initiatives underway to improve aid effectiveness in health, as part of a Global Campaign for the Health MDGs. An [International Health Partnership](#) was launched in September 2007. It consists of the Health 8 (Gates Foundation, GAVI, GFAMT, UNAIDS, UN Population Fund, WHO and the World Bank) and eight bilateral donors, and was established to follow up on the [High-Level Forum on the Health MDGs](#) in September 2006. It has developed a workplan for scaling up and improving the quality of health services by providing increased, sustainable funding and improving service-delivery and coordination. The workplan is now being piloted in seven countries.

Further information can be found at the sites:

[Global Health Policy Research Network \(GHPRN\)](#)

The Central for Global Development runs the GHPRN, which brings together academic, policy and implementation experts to tackle a range of policy issues on health. The site contains a range of publications on health financing.

[Global Fund to fight AIDS, Tuberculosis and Malaria](#)

The Global Fund site contains information on its governance arrangements and programming, including its policies on country coordination mechanisms.

Health Systems Action Network

This is a global network of health professionals. The site contains a useful [guide](#) to new financing mechanisms in the health sector.

Preparations for Accra

- WHO is commissioning a study on the constraints on long-term financing in the health sector.
- The World Bank is conducting two country case studies on scaling up.
- WHO will present a statistical analysis of health ODA, identifying donor orphans.
- There will be a stock-taking exercise to identify country experiences on agreements on mutual accountability and results-oriented health plans.
- WHO and the DAC are developing a set of indicators to monitor aid effectiveness in health.
- UNAIDS is preparing a report on the ‘Three Ones’ and using the CHAT to support country ownership.
- GFTAM is coordinating a study on learning and adaptations by global health programmes in response to the Paris Declaration.
- These different products will be synthesised into a single report on aid effectiveness in the health sector for Accra.

9. The international aid architecture

There is a clear consensus in the literature that the current international aid architecture – that is, the structures and institutions for supplying development assistance – is not fit for purpose. It has never had an ‘architect’, and there has been no serious reform since the creation of the International Development Association in 1960. New institutions are often created, but old ones are almost never shut down. There are now more than 1,000 mechanisms for supplying development finance, with no clear division of labour and widespread incoherence. With poor representation both of developing countries and emerging markets, its legitimacy is widely challenged.

Two issues have already been identified for this Roundtable:

- **Global Funds:** New vehicles for mobilising development finance, especially in health, have proved to be a poor fit with the Paris Declaration’s country-led approach.
- **Emerging donors:** Emerging market donors, especially China and India, are becoming increasingly important providers of development finance. Are they going to challenge the Paris Declaration consensus?

A number of other issues are also debated in the literature, including:

- **IFI governance:** There are strong calls for reform of the governance arrangements of the international financial institutions, to give developing countries greater voice.
- **UN reform:** There are major reforms underway to rationalise the UN development system, beginning with its representation in-country.

9.1 *Global Funds*

There has been a proliferation of Global Funds in recent years, generally customised to plug specific gaps in the international system or to mobilise finance for a single issue. There are now more than 100 global partnerships in health alone.

IDA, “Aid Architecture: An Overview of the Main Trends in Official Development Assistance Flows”, February 2007

The World Bank defines Global Funds as “partnerships and related initiatives whose benefits are intended to cut across more than one region of the world and in which the partners: (a) reach explicit agreement on objectives; (b) agree to establish a new (formal or informal) organization; (c) generate new products or services; and (d) contribute dedicated resources to the program.”

They have been effective as vehicles for resource mobilisation, accounting for 3% of ODA in 2005, and may become increasingly important in the future as aid flows increase.

Menocal, Alina & Simon Maxwell & Andrew Rogerson, “Background Paper”, Commonwealth Secretariat and La Francophonie Workshop: The Future of Aid: User Perspectives on Reform of the International Aid System, Dhaka, 20-21 March 2006

This study comments that the prolific growth of Global Funds “is connected to the widespread political appeal in donor countries of well-focused, single-issue responses to

powerful advocacy campaigns, as against more diffuse, less tangible approaches based on recipient ownership.”

Most Global Funds use a ‘vertical’ programming approach – that is, they implement a standard set of programmes in a specific sub-sector across all their countries of operation. This approach is not consistent either with harmonisation with other donors or alignment with country strategies and systems. In the health sector, there are widespread concerns that Global Funds are diverting resources away from basic sector-wide reforms. These distortions tend to be the greatest in countries with weak planning and budgeting.

Rogerson, A., Hewitt, A. & Waldenberg, D., “The International Aid System 2005-2010 - Forces For and Against Change”, London: ODI, 2004

Most global funds take the form of highly targeted vertical programmes, providing finance directly to governments using a template programming approach. This approach is widely seen as at odds with the dominant paradigm for effective aid under the Paris Declaration. The principle of ‘additionality’ used by many of the funds (i.e., they only support activities that would otherwise not have taken place) is inherently contradictory to complementarity, both to national development efforts and other donor programmes.

World Bank, “Integrating global partnership programs with country-led national programs: synthesis of findings and recommendations”, December 2006

This study looks at the ability of global programmes – e.g., Global Fund to Fight Aids, TB and Malaria (GFAMT), Global Environment Facility (GEF), Global Alliance for Vaccines and Immunization (GAVI), Education for All Fast Track Initiative (EFA FTI) and the Consultative Group on International Agricultural Research (CGIAR) – to align with country priorities and systems. It finds large variations depending on the characteristics of individual funds. EFA FTI is an example of a well-aligned mechanism, while the global health funds are struggling to fit within country-level coordination mechanisms. The challenge is greater in ODA-dependent, low-capacity countries, where recurrent funding for health systems is more difficult to secure. The report concludes that the proliferation of new global programmes needs to be controlled, and where they are necessary they should be designed with a view to fitting better within the overall development landscape.

In recent time, the major Global Funds in health have become more sensitive to criticisms of their aid practices. In preparation for Accra, GFTAM is coordinating a study on learning and adaptation by global health programmes in response to the Paris Declaration.

9.2 Emerging donors

Non-DAC donors – particularly the so-called BRICS: Brazil, Russia, India, China and South Africa – are becoming increasingly important providers of development assistance. However, they are not well represented in global policy-making fora, and have been marginal to discussions on aid effectiveness.

de Ferranti, David, “The World Bank and Middle Income Countries” in Birdsall N. (ed.), *Rescuing the World Bank: A CGD Working Group Report and Selected Essays*, Washington DC: Center for Global Development, 2006

De Ferranti argues that the MICs are central to addressing global development issues. They account for two thirds of the world’s population, and three-quarters of all people living in poverty (under \$2 a day). Their economies are a major source of export demand for development countries, and they are an increasingly important source of foreign investment. Furthermore, the MICs are now big enough to generate systemic

risk in global financial markets. A high proportion of recent global financial crises have originated in MICs such as Mexico, Russia, East Asia, Turkey and Brazil. The MICs are key players on regional security issues. On climate change, they account for an estimated 47% of global CO₂ emissions, and over half of all areas protected for their environmental significance.

Linn, Johannes & Colin Bradford Jr., “Pragmatic Reform of Global Governance: Creating an L20 Summit Forum”, Washington D.C.: The Brookings Institution, 2006

Linn argues for replacing the G8 as global steering group with an expanded group (G20), to include MICs. This group already meets at the level of Finance Ministers. This would be a way of bringing emerging markets into the tent, to address global challenges.

Some commentators are concerned that non-DAC donors will undermine the consensus on poverty reduction and aid effectiveness. However, a recent review by Debt Relief International found that the gap in aid practices between DAC and non-DAC donors was less than often supposed. Richard Manning, former DAC Chair, also suggests that we should welcome the increased diversity in the aid market.

Harmer, A. & L. Cotterrell, “Diversity in Donorship: The changing landscape of official humanitarian aid”, ODI, 2005

New and emerging donors, especially China, may undermine the international consensus on poverty reduction and aid effectiveness. New donors are not part of the DAC consensus on aid effectiveness. They tend to mix political with development and humanitarian objectives, and are not explicitly committed to poverty reduction and the MDGs as the ultimate purpose of aid. They have strong visibility requirements and tying practices. They are underrepresented in international fora where development policy is discussed.

Debt Relief International, “Aid effectiveness: better indicators needed: non-OECD aid often highly effective”, *Strategies for Financing for Development*, Newsletter of HIPC CPB, Issue 32, 2007

A recent study by Debt Relief International on behalf of HIPC countries found that certain non-DAC donors (e.g., Venezuela and India) perform better than many DAC donors on aid effectiveness. Non-DAC donors on average are better at providing aid on the budget and use less conditionality.

Manning, R., “Will ‘Emerging Donors’ Change the Face of International Co-Operation?”, *Development Policy Review*, Vol. 24(4), 2006

Richard Manning argues that new donors do not represent a major challenge to the aid-effectiveness consensus. He identifies three possible risks for LICs in the rise of new donors: (i) offers of less concessional development finance could cause a return to unsustainably high levels of debt; (ii) non-DAC development finance could undermine efforts by DAC donors to create positive incentives for reform, and help entrench poor standards of governance; (iii) non-DAC donors may fund high-profile, white-elephant projects that distort national spending priorities and cannot be sustained. However, he also supports the idea of greater choice for developing countries, and believes that the DAC should not act as a cartel. He believes that the priority is to encourage new and emerging donors to commit to the MDGs, and to participate more in the multilateral system.

Preparations for Accra

- The DAC Working Party on Aid Effectiveness has established a Working Group with non-DAC providers of development assistance to look into issues like division of labour and south-south or trilateral cooperation issues. It will seek to encourage non-DAC donors to participate in the 2008 Paris Declaration survey.
- In addition, Japan is funding a study on aid practices and perspectives on aid effectiveness by emerging and transition economies.

9.3 IFI governance

The World Bank sits at the heart of the present international aid architecture, and enjoys considerable confidence among the donor community. However, there are a number of pressing reform issues on the table. First, there are strong criticisms of the Bank's own governance arrangements, particularly the method of choosing its President and the lack of effective developing country representation on the Board. Second, the IBRD is losing its traditional MIC clients, who now have ready access to the capital markets. Most of them are now repaying more than they borrow. This reduces the Bank's ability to cross-subsidise its operational costs and IDA activities from IBRD income, raising the question of whether its basic business model is still viable.

Woods, Ngaire, "Power shift: do we need better global economic institutions?", IPPR, January 2007 & *The Globalizers: The IMF, the World Bank and their Borrowers* (Ithaca, New York: Cornell University Press, 2006)

Woods argues that the logic for having a large multilateral at the heart of the aid system is impeccable. It permits donors to pool their aid, leading on principle to more effective, better informed aid with lower transaction costs. The Bank's multilateral character also protects it from the special interests and tying practices that distort bilateral aid. She notes that the Bank has been effective in mobilising donor countries around certain issues, notably HIPC and the PRSP initiative. However, she argues that the Bank has become increasingly irrelevant in recent times, due to changes in global financial markets, loss of the major MICs as borrowers and increasing concerns about its legitimacy among developing countries.

Ahmed, Masood, "Votes and Voice: Reforming Governance at the World Bank" in Birdsall N. (ed.), *Rescuing the World Bank: A CGD Working Group Report and Selected Essays*, Washington DC: Center for Global Development, 2006

Ahmed argues that donor countries are not using the potential of the World Bank effectively. They choose to channel a large share of their funding through trust funds, encumbering the Bank with additional conditions and procedures, and thereby reducing its ability to aggregate across donor interests. "I find it extraordinary that in a recent year the World Bank received a larger sum of grants from its shareholders in trust funds than it got for IDA... It is remarkable that as shareholders we construct an elaborate mechanism for setting priorities and discipline in the Bank, and then as donors we bypass this mechanism by setting up specific separate financial incentives to try to get the Bank to do what we want."

International Financial Institution Advisory Commission ('the Meltzer Commission'), Report, US Congress, March 2000

The Meltzer Commission established by the US Congress in 2000 recommended that the Bank move out of lending to all countries with capital market access, and concentrate on providing performance-based grants to LICs. To reflect this change in role, the Bank should be renamed "the World Development Agency". The Commission argued that capital markets have changed profoundly since the Bank was established, and that the

private capital flows to developing countries now dwarf the Bank's lending. Furthermore, most of the crises in the past quarter century have come from too much lending, rather than too little. There is therefore no longer a case for providing development finance in the form of loans.

Birdsall, N., "A global credit club, not another development agency" in Birdsall N. (ed.), *Rescuing the World Bank: A CGD Working Group Report and Selected Essays*, Washington DC: Center for Global Development, 2006

Nancy Birdsall explicitly rejects the idea of turning the Bank into a 'World Development Agency', providing grants and TA to LICs. She supports the original vision of the IBRD as a global credit union, in which wealthy depositor countries guarantee the borrowings of poor countries, enabling them to access development finance at favourable rates – in effect, using the greater collective credit worthiness of the members to access cheaper credit. In her view, all members of the credit union should be formally equal. Such a credit union is self-regulating, because countries that do not wish to access development finance on the terms offered can simply choose not to do so.

The literature contains many reform proposals for the World Bank, including:

- Changes to the composition or voting weights within the Board, to reflect the growing importance of the emerging markets and to give more voice to borrower countries;
- Greater use of double-majority voting (of members and of shares) in the Board, which would force the G7 group to make more effort to build consensus with borrower countries;
- Measures to improve the quality of representation on the Board, including publication of transcripts and providing secretariats to development countries members to help them engage in policy debates;
- A transparent, merit-based leadership selection process;
- Combining the Bank's field presence with the regional development banks;
- Changes to staff incentives to reduce disbursement pressures;
- Broadening the mandate, to permit the Bank to finance non-state actors;
- Stronger independent evaluation;
- New financing terms for borrowers, such as 10-year financing agreements, to increase predictability of aid flows.

9.4 UN reform

The literature describes how far the UN development system has deviated from its original design. Originally, there was to be a single UN Development Fund with voluntary core contributions, administered by UNDP as fund manager, with individual activities delivered by the Specialised Agencies. During the 1970s, however, the UN agencies began to fundraise separately, becoming increasingly competitive with each other. At the same time, there was a proliferation of new, autonomous funds and agencies, often created in the aftermath of international conferences. Far from providing a coherent global governance structure, the UN system came to exhibit all the shortcomings of the international aid architecture as a whole.

Dirk Messner, Simon Maxwell, Franz Nuscheler & Joseph Siegle, “Governance reform of the Bretton Woods Institutions and the UN Development System”, Friedrich Ebert Stiftung Occasional Paper No. 18, May 2005

“After the decolonization of the 1960s, and due to the pressures exerted by the resulting new majority in the UN General Assembly, a thicket of specialized agencies, sub-agencies, programs, funds, commissions, and committees has developed, all of them tasked with the resolution of individual problems of development without much coordination among them. Eventually there were roughly 50 UN bodies, expensive, bureaucratically top-heavy and producers of innumerable documents, but of few useful contributions to the solution of problems.”

Paneels, Kris, “Towards a Redesign of the UN Development Architecture”, Background Paper prepared by the Belgian Delegation, December 2005

Paneels notes that there are 3 UN agencies in Rome concerned with food security and agricultural production: FAO, WFP and IFAD. UNFPA & UNICEF are doing similar work in health services for youngsters and young women. UNDP has three service lines related to AIDS, basically doing similar things as UNAIDS. Coordination among its own agencies consumes an increasingly large share of UN resources. OCHA has 400 professional staff dedicated to coordination of humanitarian activities, while \$25 million (15 percent) of the budget of UNAIDS goes to coordinating the work of other agencies.

Despite its institutional shortcomings, most authors agree that the UN’s global presence, neutral status and legitimacy among developing countries make it a key element of the IAA. Because it is more representative than the IFIs, it has a comparative advantage as a forum for making policy and setting global norms and standards. Authors point to the role it played in the 20th century in developing international human rights norms, and more recently to its success in persuading both donor and recipient countries to sign up to the Millennium Development Goals. It also a natural home for addressing global public goods, such as climate change.

A number of authors have called for the establishment of a new, high-level UN body, of equivalent rank to the Security Council, to take on overall governance of the international aid architecture.

Dirk Messner, Simon Maxwell, Franz Nuscheler & Joseph Siegle, “Governance reform of the Bretton Woods Institutions and the UN Development System”, Friedrich Ebert Stiftung Occasional Paper No. 18, May 2005

This paper proposes the establishment of a Council for Global Development and Environment, of equivalent rank to the Security Council, to replace ECOSOC. The Bretton Woods Institutions would be brought under the UN umbrella, retaining their operational autonomy, but answerable to the Council on overall policy direction and priorities. Like the Security Council, it would be a membership-based body, with 11 permanent and 11 non-permanent members (both divided between industrialised and developing countries) representing the regions of the world. It would also act as principal funding vehicle for the UN development system.

Dervis, Kemal with Ceren Ozer, *A Better Globalization: Legitimacy, Governance, and Reform* (Washington, D.C.: Center for Global Development, 2005)

Kemal Dervis offers a similar suggestion for a UN Economic and Social Security Council, also of equivalent rank to the Security Council, designed to bring the BWIs within the legitimising umbrella of the UN. It should be at a higher level than ECOSOC with a stronger mandate, making decisions based on weighted voting and constituencies (determined by population, GDP and contribution to the UN global budget). He proposes 14 council members, with representation by experts rather than ambassadors. It would not have executive decision-making power, but would elaborate policies and

guidelines for development agencies to avoid duplication, promote long-term cooperation and evaluate aid effectiveness. It would appoint the heads of the BWIs, based on transparent criteria and procedures.

The current UN reforms are seeking to rationalise the UN development architecture at country level by creating a single Millennium Development Fund that would finance all country activities against a single country plan, based on the principle of the Four Ones (one leader, one programme and budget, one fund and one office). These reforms are a product of the [UN High-Level Panel on System-Wide Coherence](#), which reported in 2006. The approach is being piloted in a few countries, with a view to moving to a single replenishment approach within a few years.

Vietnam is one of the pilot countries for UN reform. For more information on the process, see:

- [United Nations, “Tripartite Stocktaking Report: UN Reform in Viet Nam”, December 2007](#)

10. Cross-cutting issues

One of the key points of debate leading up to Accra is whether cross-cutting issues, like gender equality, human rights, social exclusion and the environment, play a sufficient role in current approaches to aid effectiveness. Some fear that the Paris Declaration, with its technical focus on the mechanics of aid delivery, tends to sideline ‘softer’ topics like human rights and gender. Within civil society, there have been fears that the move towards harmonised platforms for policy dialogue has narrowed the space available for cross-cutting issues. There are also fears that donors have concentrated their efforts on strengthening their relationships with partner country governments, at the cost of traditional partnerships with civil society.

These concerns have not yet been subject to rigorous study. Arguably, the PD principles are as relevant to promoting cross-cutting issues as they are to any other area of development cooperation. It may be that the new structures for aid delivery offer promising new platforms for promoting cross-cutting themes.

These questions have been the subject of debate within the OECD-DAC Networks ([Gendernet](#), [Govnet](#) and [Environet](#)), and of recent workshops in Dublin and Bangkok (see below). DFID has commissioned a major research project “Support for strengthening the poverty impact of the Paris Declaration”, which is designed to assess whether cross-cutting issues are being adequately addressed in national development plans and monitoring arrangements. By the time of Accra, a more informed debate should therefore be possible.

Rosalind Eyben, “Gender equality and aid effectiveness – challenges and opportunities for international practice: experience from South East Asia”, paper for the Bangkok workshop, April 2007

This paper is a report of [Workshop on Aid Effectiveness and Gender Equality in South East Asia, Bangkok, April 2007](#), designed to deepen understanding of the challenges and opportunities for promoting gender equality through the new aid-effectiveness machinery. The workshop report presents lessons from case studies in Indonesia, Cambodia, Vietnam and Timor Leste. Workshop participants questioned how far the cause of gender equality is owned within most Asian societies and government, particular at lower levels. They called for more research and evidence on gender issues, including gender-disaggregated development statistics, in order to develop a more results-oriented approach. In Cambodia, a Technical Working Group on gender has promoted greater ownership, including establishing Gender Mainstreaming Action Groups in 21 of 26 line ministries. While the institutional machinery for mainstreaming gender is largely in place, actual impact on sector policies and budgets is still weak. In Vietnam, there are various bodies to promote gender equality, including the National Council for the Advancement of Women, but gender remains marginal to the central policy dialogue with donors. The Poverty Reduction Support Credit does not mainstream gender objectives, or attempt to assess the impact on gender equality of its policy initiatives. In Indonesia, there is a strong commitment to addressing gender issues like maternal health at the central level, but significant problems in ensuring these issues are prioritised across a decentralised system of government.

The workshop concluded that (contrary to the views of many women’s NGOs) the Paris Declaration is a potentially useful framework for making aid work better for women. However, some of the changes associated with the Paris agenda, such as the reduction in staff capacity associated with programmatic spending and the diversion of effort into technical aid-delivery issues, have reduced the space for gender work. Aid efficiency arguments tend to favour large programmes over small targeted interventions with civil society that may have greater impact on gender. There is a danger that

diversity and voice within development policy debates may be minimised, especially if gender advocates in civil society are not permitted a seat at the table.

Cathy Gaynor, “Paris Declaration commitments and implications for gender equality and women’s empowerment”, paper commissioned by Irish Aid, 2006

Gaynor notes that gender has been marginal to the aid-effectiveness agenda. Reviews of PRSPs and SWAPs suggest that tend to be gender-blind, take a narrow perspective on gender, lack empirical evidence or fail to translate gender analysis into operational plans. It notes that, while the PD contains only passing reference to gender, its principles are generally supportive of gender equality objectives and strategies. Ownership implies that men’s and women’s voices are heard equally in the national development strategies. Alignment calls for donors to build country capacity to develop and implement policies on gender equality, and to align behind them. Harmonisation is a call to rationalise and focus donor support. Managing for results means capturing gender dimensions in performance assessment frameworks. Mutual accountability means giving women a voice on the policies that affect them.

Marta Foresti, David Booth & Tammie O’Neil, “Aid effectiveness and human rights: strengthening the implementation of the Paris Declaration”, ODI, October 2006

Commissioned by the DAC GOVNET, this includes a framework paper on synergies between the PD and human rights, together with 4 ‘thinkpieces’ on each of the PD principles. It argues human rights offers globally agreed normative framework that can be used to assess development performance, and to provide standards for fairness, legitimacy and objectivity. It stresses the importance of human rights in building more accountable governments, and for providing a broad understanding of country ownership. It also argues that partner governments should be held to their international human-rights commitments, and that ‘post-conditionality’ around human rights is therefore legitimate.

UNIFEM discussion paper, “Promoting gender equality in new aid modalities and partnerships”, March 2006

This paper argues that mainstreaming of gender in the new aid architecture must include adequate financing of programmes for women, accountability systems to track donor and government contributions to gender equality, and gender-sensitive monitoring and reporting. It argues for including women in the definition of country ownership, for building incentives to make public administrations more responsive to women, for capacity-building for departments of women’s affairs, and for the introduction of gender-sensitive indicators in PRSPs and policy matrices.

DAC, “Action-Oriented Policy Paper on Human Rights and Development”, 2007

This paper argues that there should be a natural synergy between human rights and the PD. The partnership commitments in the PD can help to increase the effectiveness of human rights advocacy and assistance. At the same time, experiences and approaches from rights-based approaches to development can help to enrich the PD principles of ownership and mutual accountability.

DAC, “Workshop on Development Effectiveness in Practice: Applying the Paris Declaration to advancing gender equality, environmental sustainability and human rights – Key Messages and Summary Record”, June 2007

This workshop in Dublin in April 2007 concluded that the principles of the Paris Declaration are powerful tools for promoting cross-cutting issues such as environmental sustainability, human rights and gender equality. It stressed that national ownership must extend beyond government to include parliaments, civil society and the public, and noted the importance of working with those who represent marginalised groups. It emphasised the importance of gender- and human rights-responsive budgeting, and

promoting budget literacy across society. It pointed out that instruments for harmonisation, such as Joint Assistance Strategies, can provide a key platform for promoting cross-cutting issues. It pointed to the importance of 'home-grown' accountability mechanisms, and the results data on human rights and gender.

For further information, see:

- OECD-DAC, "Source Book on Concepts and Approaches Linked to Gender Equality", 1998
- OECD-DAC, "Guidelines on Gender Equality and Women's Empowerment in Development Cooperation", Development Cooperation Guidelines Series, 1999
- Tara Shine, "Paris Declaration on Aid Effectiveness and implications on environmental sustainability", Irish Aid, April 2007
- Sue Fleming et al., "Aid effectiveness evidence gathering project on gender equality, human rights and social exclusion", paper commissioned by DFID, 2007

Key questions for the Asia-Pacific region

- To what extent do national development strategies and performance assessment frameworks incorporate cross-cutting issues (gender, social exclusion, the environment)?
- What kinds of institutional structures (e.g., technical working groups) have been most effective at promoting cross-cutting issues? Are they having an influence on policy?
- Do civil society advocacy organisations have an opportunity to make an input into the setting of national development policy?
- Do statistical systems in the Asia-Pacific provide data at a level of disaggregation, to allow for effective analysis of gender equality and the distributional impact of policies? What use is made of Poverty and Social Impact Analysis?

III. RESOURCES ON AID EFFECTIVENESS

1. International resources

OECD DAC website pages related to the High Level Forum include the **HLF Survey web link** dedicated to resources regarding completion of the 2008 Survey. The **HLF web link** contains some background materials and minutes of the various meetings being held in preparation for the High Level Forum.

OECD DAC Peer Reviews of donor organisations

Each DAC donor is reviewed approximately every four years by a panel of peers. The full reports are available on the DAC website.

Aid Harmonization and Alignment

This website, established by the DAC WP on Aid Effectiveness Task Team on Harmonization and Alignment, contains a large collection of materials on implementation of the Paris Declaration. Material can be searched by partner country, donor or theme. It is also possible to download a table summarising aid-effectiveness activities by country.

Governance and Social Development Resource Centre

This is an open site established by DFID in 2005 to provide high-quality, timely information to support development policy making. It contains an extensive document library on governance, conflict and social development issues. It also provides topic guides on many policy areas. The topic on aid effectiveness provides a range of basic texts and studies, plus sections on PRSPs, budget support and sector-wide approaches. Other topics include public-financial management and monitoring and evaluation.

ODI Centre for Aid and Public Expenditure (CAPE)

ODI's is the UK's quasi-official think tank on development issues. Its Centre for Aid and Public Expenditure is dedicated to improving the quality of international development assistance and to enhance the effectiveness of developing countries' public resource management. It provides research, advice and evaluation on aid effectiveness, public-financial management, budgeting, and policy and planning processes. The site provides online access to ODI Working Papers on a large number of aid effectiveness subjects.

World Bank Aid Effectiveness Reviews 2006

Since 1999, the World Bank has prepared country reports on the implementation of the four Comprehensive Development Framework principles: long-term, holistic vision; country ownership; country-led partnership; and results focus. In 2006, it prepared aid-effectiveness profiles for 62 countries. They are desk reviews based on existing literature, but provide a useful summary of aid-effectiveness initiatives in each country. The reviews were used by the DAC to set the baselines for Paris Declaration indicators 1 (operational development strategies) and 11 (sound performance-assessment frameworks).

Centre for Global Development

The Centre for Global Development is a leading US think tank on development policy, aid effectiveness and aid architecture. Its site contains a range of publications, as well as news on current events in the development policy arena.

International Development Department, University of Birmingham

IDD is a leading UK academic institute on development issues. It undertook a study for the OECD in 2002-3 on donor practices that place the greatest burden on partner countries. It includes country case studies of Bangladesh, Fiji, Vanuatu, Samoa, Vietnam, Cambodia.

Eldis

Eldis is a site run by the Institute of Development Studies at Sussex University to share the best in development policy, practice and research. It contains more than 22,000 summarised documents from over 4,500 development organisations.

European Network on Debt and Development (Eurodad)

This is a network of 54 European NGOs working on issues related to debt, development finance and poverty reduction. It is a platform for sharing ideas and information, and coordinating advocacy. It contains articles and resources on aid flows, PRSPs, governance, conditionality and reform of the IFIs.

Reality of Aid

The Reality of Aid project is the only major north/south international non-governmental initiative focusing exclusively on analysis and lobbying for poverty eradication policies and practices in the international aid regime. The site includes the publication “Reality Check 2007”, which critiques the Paris Declaration and poses challenges to donors and recipient countries on aid effectiveness.

BetterAid.org

Better Aid is a campaign website created by the Civil Society International Steering Group in preparation for Accra. It has produced a civil society policy paper for Accra, “From Paris 2005 To Accra 2008: Will Aid Be More Accountable and Effective?”, which is currently undergoing consultation but is posted in draft on the website.

2. Regional resources**Asian Regional Forum on Aid Effectiveness, Manila, October 2006**

This website, hosted by the Asian Development Bank, contains records of the proceedings and conclusions of the Forum, as well as extensive background material on aid effectiveness in Asia. There are 12 country case studies, 5 thematic reports on particular Paris Declaration principles, and an overall synthesis report.

Asia2015: Promoting Growth, Ending Poverty, London, March 2006

This conference brought together decision-makers from Asia and across the world to learn from Asia’s development successes, to identify future challenges and solutions and to build new alliances to fight poverty. It contains background topics on development trends in Asia, future growth prospects and challenges,

and on poverty reduction. A number of publications were produced to follow-up on the Conference, including:

- An [IDS Bulletin](#) devoted to growth and poverty reduction in Asia
- Simon Maxwell & Mark Robinson, “The future of development partnership in Asia: Mapping the agenda to 2015”, *Development Policy Review* 24(1), 2006

3. Country level resources

Afghanistan

[Afghanistan National Development Strategy](#)

Official website devoted to publicizing documents, events and discussions related to implementing, monitoring and evaluating of the National Development Strategy.

[Afghanistan Development Forum](#)

A forum convened in Kabul in April 2007, where the Government presented its draft strategies on Health, Education and Energy. The product of extensive consultation through the Afghanistan National Development Strategy (ANDS), these strategies have been circulated to donors and were discussed at the conference. Three working groups discussed papers on Aid Effectiveness, Capacity Building and Provincial Planning, which are available online.

[Afghanistan Ministry of Finance](#)

The Ministry publishes monthly financial reports on its website.

[Afghanistan Reconstruction Trust Fund](#)

The multilateral Afghanistan Reconstruction Trust Fund (ARTF) was set up in May 2002 to provide financial support to Afghanistan in two areas: recurrent costs of the government (civil servants, operations and maintenance expenditures, government purchases); and support to national investment programs and projects in rural development, infrastructure and capacity building/education.

[Afghanistan Research and Evaluation Unit \(AREU\)](#)

AREU is a research organisation in Kabul, which engages in research and advocacy on development policy. It was first established by donors in 1998 under the title Strategic Management Unit, to assist reconstruction agencies to assess measure their impact. It has since expandable dramatically, with funding from the EU, UN, World Bank and bilateral donors. Its site contains extensive research on development and aid effectiveness. It publishes an annual [A to Z Guide to Afghanistan Assistance](#), which is a directory of major agencies and their activities.

Key documents:

- [The Afghanistan Compact: Building on Success](#), London Conference, January 2005 – February 2006

- [ANSD Volume 1 \(An Interim Strategy for Security, Governance, Economic Growth and Poverty Reduction\)](#)
- [Prioritizing Aid Effectiveness: Taking Forward the Afghanistan Compact and Paris Declaration Commitment](#)
- [Afghan Reconstruction Trust Fund Report to Donors – 1st quarter March 2007](#)
- [DAC Paris Declaration Monitoring Survey 2006 – Afghanistan](#)
- [World Bank Aid Effectiveness Review 2006 – Afghanistan Chapter](#)

Bangladesh

Local Consultative Groups in Bangladesh

The LCG is a forum for development dialogue and donor coordination. It is composed of 32 Bangladesh-based representatives of bilateral and multilateral donors, and the Economic Relations Division (ERD) representing the Government. The site contains details on sectoral and thematic sub-groups, as well as details of the Aid Governance Initiative on aid effectiveness.

Bangladesh Institute of Development Studies (BIDS)

BIDS is a multi-disciplinary organization which conducts policy-oriented research on development issues. It undertakes data collection, investigations and research projects on policy issues, and provides information and advice on modern research techniques and methodology in economics, demography, and other social sciences.

Centre for Policy Dialogue

A civil society organization which services the growing demand for a more participatory and accountable development process, by organising multi-stakeholder consultations, conducting research, disseminating knowledge and influencing policy.

Bangladesh Centre for Advanced Studies (BCAS)

BCAS is a policy research and implementation institute working on sustainable development at local, national, regional and global levels. BCAS explores sustainable development through four interactive themes: (a) environment-development integration, (b) good governance and people's participation, (c) poverty alleviation and sustainable livelihoods, and (d) economic growth and public-private partnership. BCAS is committed to developing southern perspectives, promoting north-south dialogue, environmental justice, and access to resources and knowledge for the poor.

Key documents:

- [PRSP Strategy \(Unlocking the Potential: National Strategy for Accelerated Poverty Reduction, October 2005\) & Bangladesh Country Assistance Strategy 2006 – 2009](#)
- [Bangladesh Country Strategy, Joint Outcome Matrix, WB – ADB – Japan – DFID, 2005](#)
- [Bangladesh: Joint Country Assistance Strategy \(Agriculture and Rural Development Strategy Note, November 2005\)](#)

- [World Bank Aid Effectiveness Review 2006 – Bangladesh](#)
- [DAC Paris Declaration Monitoring Survey 2006 – Bangladesh](#)

Cambodia

Cambodian Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC)

The CDC was created in 1994 to mobilise and coordinate reconstruction assistance to Cambodia. Since 2002, one of its bodies, the CRDB, was nominated as focal point and one-stop shop for relations with donors and INGOs. It provides a secretariat to the Government-Donor Coordination Committee (GDCC). The website includes:

- An online [ODA database](#)
- Reports on [aid effectiveness monitoring](#), including the results of the Paris Declaration Baseline Survey
- A selection of strategies and reports on [aid management](#)
- Minutes and progress reports of the [Technical Working Group on Partnership and Harmonization](#)

Ministry of Planning (MoP)

MoP is responsible for national socioeconomic development plans, and also houses the National Institute of Statistics. The website contains development plans, including the National Strategic Development Plan and the Public Investment Plan, together with a range of reports and publications, including Cambodia's Human Development and MDG reports.

Cambodia Development Resource Institute (CDRI)

CDRI is an independent policy research institute, supporting government, donors and civil society with a range of policy-related development research. Its website includes monthly Flash Reports on economic indicators, the journal *Cambodia Development Review*, and Working Papers on a wide range of development and aid-effectiveness issues.

Center for Advanced Study (CAS)

CAS is an independent, non-political Cambodian institution devoted to research, education and public debate on issues affecting the development of the Cambodian society. CAS provides research services, develops research projects, supports research capacity building, and promotes the use of evidence-based policy. It has a range of thematic studies available for download.

Cooperation Committee for Cambodia (CCC)

CCC is a civil society membership organisation, promoting cooperation and information exchange among NGOs. It supports NGOs in policy advocacy to government and donors. It publishes directories of development agencies and NGOs

Economic Institute of Cambodia (EIC)

EIC is an independent think-tank which provides essential information and a thorough insight into Cambodia's socio-economic development. It publishes

information on the Cambodian economy through its regular publications - Economic Review, Cambodia Economic Watch and Annual Special Report – and special reports, all of which are available online.

NGO Forum on Cambodia

The NGO Forum on Cambodia is a membership organisation of local and international NGOs, established for information sharing, debate and advocacy on development issues. It provides joint NGO input into development strategies and reporting. Its site includes a guide to the national budget process.

Key documents:

- [National Strategic Development Plan 2006-2010](#)
- [Declaration on Aid Effectiveness in Cambodia, October 2006](#)
- [Action Plan on Harmonization, Alignment and Results: 2006-2010](#)
- [“The Cambodia Aid Effectiveness Report 2007”, May 2007](#)
- [National Operational Guidelines for Development Cooperation Grant Assistance](#)
- [“Strategic Framework for Development Cooperation Management”, January 2006](#)
- [Manual on Standard Operating Procedures for Externally Assisted Projects](#)
- [DFID, “Aid effectiveness and aid coordination in Cambodia: stakeholder perceptions”, October 2005](#)
- [Global Donor Platform for Rural Development, “Assessment study on harmonisation and alignment in rural development in four pilot countries”, March 2005](#)
- [Agulhas, “What structures and processes are emerging at country level to support a more effective and accountable development partnership? – Cambodia case study”, September 2006](#)
- [Agulhas, “Are donor harmonisation initiatives a good investment in improved aid effectiveness? The Cambodia Quadripartite Initiative”, September 2006](#)
- [OECD-DAC, “2006 Survey on Monitoring the Paris Declaration – Cambodia chapter”, 2006](#)
- [World Bank Aid Effectiveness Review – Cambodia chapter, 2006](#)

Indonesia

PELANGI

PELANGI is an independent think tank focusing on issues of natural resource management, energy, climate change, energy, transportation and air quality. It is working to influence policies which secure the health and sustainability of the natural resources and the environment while pursuing socio-economic well-being that is equitable and democratic.

SMERU Research Institute

An independent institute for research and public policy studies which provides information and analysis on various socioeconomic and poverty issues considered most urgent and relevant for the people of Indonesia. The institute has been at the forefront of the research effort to highlight the impact of

government programs and policies, and has actively published and reported its research findings with an aim to contribute to widening public policy dialog on the solutions to socioeconomic, poverty, and vulnerability to poverty.

Centre for Strategic and International Studies (CSIS)

Established in 1971, CSIS in Jakarta is an independent, non-profit organisation focusing on policy-oriented studies on domestic and international issues. It undertakes research in economics, politics and social change, and international relations, with topics selected on the basis of their relevance to public policy.

Key Documents:

- [Indonesia Interim PRSP paper, 2003](#)
- [DFID Perception of Development Partners and Evidence on Aid Effectiveness in Indonesia, September 2005](#)
- [DFID Evaluation Report EV680, September 2007, DFID Evaluation of Country Programs, Country Study: Indonesia \(chapters on aid effectiveness\)](#)
- [Country Level Harmonization Procurement – Initiative for Indonesia \(2004\)](#)
- [Country Level Harmonization Development Policy Support – Initiative for Indonesia \(2004\)](#)
- [Country Level Harmonization Donor Cooperation – Initiative for Indonesia \(2004\)](#)

Kyrgyz Republic

Donors.kg

A joint coordination initiative of donor agencies in the Kyrgyz Republic that serves as an information resource to donors, national government, as well as the general public. It shares information on development assistance to the country, including information on aid harmonization, and to reinforce cooperation among the development partners and with the government. It contains information on the work of the Steering Committee for harmonisation, including the National Harmonization and Alignment Action Plan.

Soros Foundation, Kyrgyz Republic

The Foundation supports initiatives in all spheres of social life targeted at building an open, civil society based on the principles of transparency and openness. The Soros Foundation is active in supporting proposals of NGOs and village administrations that are aimed to solve social, economic and legal problems of the local communities; it promotes involvement of all strata of the society into decision making process; fosters health care development, literacy; and facilitates development of institutional mechanisms of protection of women's rights who suffered from violence.

Key documents:

- [The Kyrgyz National Action Plan on Aid Delivery Harmonization and Alignment](#)

- [Kyrgyz Republic National Poverty Reduction Strategy 2003-2005](#)
- [World Bank Aid Effectiveness Review 2006 – Kyrgyz Republic Chapter](#)
- [DAC Paris Declaration Monitoring Survey 2006 – Kyrgyz Republic Chapter](#)

Lao PDR

The National Round Table Process

The Round Table Process (RTP) is a government-led coordination mechanism to improve aid effectiveness. It comprises of a series of meetings at the national and sectoral levels to promote in-depth dialogue on policy between the Government and development partners. The objectives of the meetings are to increase national ownership over the development process, build consensus over priorities, and improve the coordination of activities relating to these priorities, including adequate financing. This is achieved through the [Round Table Meetings](#) themselves, the [Sector Working Groups](#), under the overall framework of the National Socio-Economic Development Plan and the [Vientiane Declaration on Aid Effectiveness](#). The Department of International Cooperation, Committee for Planning and Investment coordinates the Round Table Process, under the guidance of the National Steering Committee chaired by the Prime Minister. All relevant strategic and aid related documents are available on this website.

Key documents:

- [Sixth Five-Year National Socio Economic Development Plan \(2006-2010\), and Public Investment Programme](#)
- [Existing Draft Harmonization and Alignment Action Plan \(May 2006\) and Indicators \(May 2006\)](#)
- [Foreign Aid Report 2005-2006](#)
- [Vientiane Declaration on Aid Effectiveness: Harmonization Action Plan, April 2005](#)
- [World Bank Aid Effectiveness Review 2006 – LAP PDR chapter](#)
- [Agulhas: Poverty Reduction Strategies in Difficult Environments. Case Study: Lao PDR. Draft \(December 2004\)](#)

Mongolia

Government of Mongolia and External Partners Technical Meeting, Ulaanbaatar, October 2006

The World Bank site contains documents presented at this meeting by the Mongolian Government.

Mongolia's Development Strategy and Solutions to Emerging Social Issues, Ulaanbaatar, Mongolia, 4-5 October 2004

This workshop addressed four themes: Health, Education, Social Welfare, and NGO and Private Sector involvement in the Implementation of the Government Action Plan. The workshop developed a set of recommendations for the Government to reflect in its Action Program and for the Parliament to make amendments in the existing social welfare laws.

Key documents:

- [Economic Growth Support and Poverty Reduction Strategy for Mongolia, 2003](#)
- [World Bank Aid Effectiveness Review 2006 – Mongolia chapter](#)
- [DAC Paris Declaration Monitoring Survey 2006 – Mongolia chapter](#)

Nepal**Nepal Planning Commission**

The Nepal Planning Commission is the advisory body for formulating development plans and policies of the country under the directives of the [National Development Council \(NDC\)](#). It explores and allocates resources for economic development and works as a central agency for monitoring and evaluation of development plans, policies and programmes. It also facilitates the implementation of development policies and programmes, and provides a platform for exchange of ideas, discussion and consultation pertaining to economic development of the country.

Key documents:

- [Government of Nepal, The Tenth Plan \(Poverty Reduction Strategy Paper\) 2002-2007](#)
- [Nepal Poverty Monitoring and Analysis System Framework Document, 2004](#)
- [Progress Report on Poverty Reduction, an Assessment of the Tenth Plan \(PRSP\) Implementation, 2004](#)
- [An Assessment of the Implementation of the Tenth Plan \(PRSP\): Second Progress Report, 2005](#)
- [Nepal Three Year Interim Plan, Approach Paper, July 2007](#)
- [World Bank Aid Effectiveness Review 2006 – Nepal Chapter](#)

Pakistan**Ministry of Finance on Poverty Reduction**

The government has formulated a comprehensive Economic Revival Program aimed at promoting pro-poor economic growth and poverty reduction. The National PRSP Implementation Committee is responsible for the implementation of PRSP policy reforms, evaluation of their impact and adjustments in the policy regime. The government has established a [PRSP Secretariat](#), in Finance Division, which will serve as the Secretariat for the National PRSP Implementation Committee.

Ministry of Economic Affairs

The Ministry's Economic Affairs Division hosts the Pakistan Development Forum, an annual event that provides an opportunity to review progress on aid effectiveness. A Donor Coordination Cell has been created to provide a single window for donor coordination and to ensure effective aid utilisation and management.

Pakistan Institute of Development Economics

Established in Karachi in 1957, the Institute is devoted to theoretical and empirical research in Development Economics in general and on Pakistan-related economic issues in particular. In addition to providing a firm academic basis to economic policy-making, its research also provides a window through which the outside world can view the nature and direction of economic research in Pakistan. Other social sciences, such as demography and anthropology and interdisciplinary studies increasingly define the widening scope of research that must be undertaken for proper economic policy and development to have sound underpinnings. It also publishes the Pakistan Development Review.

Key documents:

- [Government of Pakistan: Ten Year Perspective Development Plan 2001-11 and Three Year Development Program 2001-04, Islamabad \(2001\)](#)
- [Government of Pakistan: Accelerating Economic Growth and Reducing Poverty: Poverty Reduction Strategy Paper, Islamabad \(2003\)](#)
- [Government of Pakistan: Accelerating Economic Growth and Reducing Poverty: The Road Ahead. Poverty Reduction Strategy Paper, Islamabad \(2003\)](#)
- [World Bank Aid Effectiveness Review 2006 – Pakistan Chapter](#)

The Philippines

National Economic and Development Authority

This is government official portal on economic development issues. It contains all relevant official documents on economic development and poverty reduction.

Department of Budget and Management

The Department of Budget and Management promotes the sound, efficient and effective management and utilization of government resources. It prepares the medium-term expenditure plan, indicating the programming, prioritization, and financing of capital investment and current operating expenditure requirements of medium-term sectoral development plans; undertakes the formulation of the annual national budget; develops and administers a national accounting system essential to fiscal management and control; and conducts a continuing study of the state bureaucracy.

National Anti-Poverty Commission

Established in 1998, the NAPC is mandated to enhance the programs, approaches and strategies to strengthen the partnership between government and the basic sectors in poverty reduction. The Commission oversees implementation of the Social Reform Agenda (SRA) and ensures that it is incorporated into national, regional, sub-regional and local development plans. It also promotes microfinance through the establishment of the People's Development Trust Fund (PDTF).

Philippine Development Forum

The PDF is the primary mechanism of the Government for facilitating substantive policy dialogue among stakeholders on the country's development agenda. It also serves as a process for developing consensus and generating

commitments among different stakeholders toward critical actionable items of the Government's reform agenda. The site contains information on various working groups, such as on MDGs and social programs, governance and anti-corruption, decentralisation and local government and sustainable rural development.

Commission on Audit

The Commission on Audit (COA) is the Philippines' Supreme Audit Institution. It contains annual audit reports, government wide and sectoral audit reports, as well as information on gender mainstreaming.

National Statistical Coordination Board

The Board is the Philippines' policy making and coordinating body on statistical matters. It contains extensive statistical data on development issues, including poverty, FDI, income distribution, FDI, MDGs, etc.

Key documents:

- [Planning Guidelines on the Formulation of the Medium-Term Philippine Development Plan and the Accompanying Medium Term Public Investment Program Based on the National Development/10-Point Agenda, Manila, 2004](#)
- [Medium-Term Philippine Development Plan 2004-2010, Manila, 2004](#)
- [Medium-Term Public Investment Plan 2005-2010, Manila 2005](#)
- [World Bank Aid Effectiveness Review 2006 – Philippines Chapter](#)
- [Reyes, Celia M. and Valencia L., “Poverty Reduction Strategy and Poverty Monitoring: Philippine Case Study”, Presented at ADB Regional Conference on Poverty Monitoring in Asia, March 24-26, 2004](#)
- [Tarradell, M., “Philippines Case Study: Analysis of National Strategies for Sustainable Development”, Berlin, 2004](#)

Sri Lanka

Department of External Resources (ERD), Ministry of Finance and Planning

ERD coordinates external assistance on behalf of line ministries and agencies. The web site contains data on aid flows.

Sri Lanka Development Forum

This development conference was held in January 2007. This web site contains information on the agenda including relevant presentation by various Sri Lankan ministries.

Key documents:

- [Sri Lanka: A framework for Poverty Reduction, 2000](#)
- [Regaining Sri Lanka: Vision and Strategy for Accelerated Development, Colombo, 2002](#)
- [National Framework for Relief, Rehabilitation and Reconciliation, Colombo, 2002](#)

- [Sri Lanka New Development Strategy: Framework for Economic Growth and Poverty Reduction, Colombo, 2005](#)
- [World Bank Aid Effectiveness Review 2006 – Sri Lanka chapter](#)

Tajikistan

UN Tajikistan Information Platform

This is site of the UN Coordination Unit, developed to serve the information needs of the international community and Government of Tajikistan on humanitarian and development issues. It contains information on the latest donor coordination news, including national documents such as the National Development Strategy, newest version of the PRSP paper (Russian language version only) and Declaration on Aid Effectiveness.

Key documents:

- [National Development Strategy, 2006](#)
- [Tajikistan Poverty Reduction Strategy Paper, June 2002](#)
- [World Bank Aid Effectiveness Review 2006 – Tajikistan chapter](#)

Thailand

Thailand International Development Cooperation Agency (TICA)

TICA was established in 2004 within the Ministry of Foreign Affairs, marking Thailand's graduation from aid recipient to donor. Over the past decade, Thailand has offered technical cooperation to its neighbouring countries.

Thai Development Research Institute

This Institute was established in 1984 to conduct policy research and disseminate results to the public and private sectors. The Institute provides technical and policy analysis that supports the formulation of policies with long-term implications for sustaining social and economic development in Thailand. Details of research programmes are available in Thai.

Timor-Leste

Timor-Leste Government

Official website of the government. Contains details of the [National Development Plan](#).

Key documents:

- [Government of Timor-Leste, National Development Plan. Part I, Dili, 2002](#)
- [National Development Plan. Part II. Dili, 2002](#)
- [National Development Plan. Part III, Dili, 2002](#)
- [Combined Sources Budget 2004-2005. Draft Budget/Background Paper, Dili, 2004](#)
- [Timor-Leste Millennium Development Goals. Where are we now?, Dili, 2005](#)

- [Combating Poverty as a National Cause. Promoting Balanced Development and Poverty Reduction](#), Dili, 2006
- [World Bank Aid Effectiveness Review 2006 – Timor-Leste chapter](#)
- [Rodriguez-García, R., White, E.M. and Alonso I Terme, R.: ‘Timor-Leste: Managing for Results in a Fragile Post-Conflict Setting’ in: *Managing for Development Results Principles in Action: Sourcebook on Emerging Good Practice. Part 2: Examples of Managing for Development Results at the National Level*, December 2005](#)
- [Rohland, K. and Cliffe, S.: ‘The East Timor Reconstruction Program: Successes, Problems and Tradeoffs’, Conflict Prevention and Reconstruction Unit, World Bank, Working Paper No. 2, 2002](#)

Tonga

Government of the Kingdom of Tonga

Official government site, with information on the Strategic Development Plan. It is a document that has been formulated by the Central Planning Department on the basis of a lengthy and extensive consultative process, which was strongly supported by technical and financial assistance from the Asian Development Bank (ADB) and financial assistance from AusAID and NZAID.

Key documents:

- [Strategic Development Plan 8 2006/2007-2008/2009: Looking to the Future, Building on the Past, 2006](#)

Vietnam

Ministry of Planning and Investment (MPI)

MPI is the ministry responsible for producing Vietnam’s national development plans and strategies, and for ODA management. The website contains:

- Vietnam’s Socio-Economic Development Plan 2006-2010 and related strategies, with descriptions of how they were developed
- Vietnam’s own aid-effectiveness agreement: [the Hanoi Core Statement](#)
- 6-monthly reports on aid effectiveness produced by the joint government/donor [Partnership Group on Aid Effectiveness](#)
- The major [legal instruments](#) governing ODA management
- An online [Development Assistance Database](#)
- An [Aligned Monitoring Tool & User Manual](#), creating a standard format for monitoring and reporting on ODA projects

Central Institute for Economic Management (CIEM)

CIEM is a research institute under the authority of MPI, which produces research and policy advice on economic development issues. The website lists published research and on-going research programmes. It has an on-line catalogue with more than a 1,000 sources on the Vietnamese economy (mostly in Vietnamese).

VUFO-NGO Resource Centre

This is a partnership between INGOs working in Vietnam and the Vietnam Union of Friendship Organisations, designed to share information and

experience on development practices. The website contains a directory of development organisations, together with an online library of resources on particular sectors and development themes.

Vietnam Development Forum

This is a joint research project of the National Graduate Institute for Policy Studies (GRIPS) in Tokyo and the National Economic University (NEU) in Hanoi, producing a range of policy-related research on particular sectors and development issues.

Key documents:

- [Socio-Economic Development Plan 2006-2010](#)
- [The Hanoi Core Statement on Aid Effectiveness](#)
- [Vietnam Development Report 2007 \(December 2006\)](#)
- [Marcus Cox, Samuel Wangwe, Hisaaki Mitsui and Tran Thi Hanh, “Independent Monitoring Report on implementation of the Hanoi Core Statement”, Hanoi, November 2007](#)
- [World Bank Aid Effectiveness Review 2006 – Vietnam chapter](#)
- [DAC Paris Declaration Monitoring Survey 2006 – Vietnam chapter](#)

Yemen

Ministry of Planning and International Cooperation

The site contains background notes on external development assistance, development plans and strategies and economic indicators. The Ministry has an [Aid Harmonization and Alignment Unit](#), and posts minutes from the Government-Donor Policy Dialogue Partnership Group Meetings.

Yemen Consultative Group Meeting

This website was created for the Consultative Group Meeting (CGM) with development cooperation partners in November 2006. It contains development strategies and various government and donor studies.

UNDP Yemen

Site contains relevant government development documents and other development related publications.

Key documents:

- [The Socio-Economic Development plane for Poverty Reduction \(2006_2010\)](#)
- [Annual Progress Report of the Poverty Reduction Strategy for 2005](#)
- [Poverty Reduction Strategy Progress Report for 2003 & 2004, Sana’a, 2005](#)
- [Yemen’s Strategic Vision 2025, Sana’a, 2002](#)
- [Summary of the Second Five Year Plan for Economic and Social Development, Sana’a, 2002](#)
- [World Bank Aid Effectiveness Review 2006 – Yemen chapter](#)
- [DAC Paris Declaration Monitoring Survey 2006 – Yemen chapter](#)

- [Developing Poverty Reduction Strategies in Low Income Countries Under Stress. Final Report, Agulhas, London, 2005](#)
- [Improving Support for Monitoring the MDGs. Yemen Case Study. PARIS 21, Paris, 2004](#)