

Outcomes



Executive Summary

Asia Region

Consultations on the
High Level Forum on
Aid Effectiveness

Bangkok, April–May 2008



For further information on the 3rd High Level Forum on Aid Effectiveness (HLF3) please visit www.accrahlhf.net.

For information on preparations for the 3rd High level Forum on Aid Effectiveness in Asia and the Pacific region as well as links to country-level aid effectiveness initiatives please visit www.aideffectiveness.org.

For further information on UNDP's programming on aid effectiveness in Asia and the Pacific region please contact Aidan.Cox@undp.org or Tom.Beloe@undp.org.

For further information from the organizing committee please do visit the websites:

www.adb.org

www.ec.europa.eu/europeaid/

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Forum on Aid Effectiveness
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East & South-East Asia 21–22 April 2008

South Asia 5–6 May 2008

Central & West Asia 8–9 May 2008

A diversity of views was heard at the consultations and the report reflects this diversity – this is not a consensus document.

The consultations in Bangkok have been made possible with the support of the Asian Development Bank (ADB), UK Department for International Development (DFID), the European Commission (EC), the Government of Japan, the United Nations Development Programme (UNDP), and the World Bank.





Executive Summary

1. The Asia Consultations on the High Level Forum on Aid Effectiveness sought to:

- **support partner countries in preparing for the Third High Level Forum on Aid Effectiveness (HLF-3);**
- **ensure that Asian voices genuinely contribute to the design and outcome** of the Accra High Level Forum; and
- provide an **opportunity for partner countries to think long term**, and to identify further steps towards aid effectiveness beyond Accra, towards HLF-4 in 2011.

2. To achieve these objectives the Consultations brought together **diverse participants from twenty-five countries** covering the three sub-regions of East & South-East Asia, South Asia and Central & West Asia.¹ The Government of Ghana participated at Ministerial level in the first consultation and through a video message in the second and third consultations.

A. HLF Preparations

3. **Awareness of the High Level Forum at country level was low** in many cases, and the consultations played a major role in increasing awareness of the opportunities presented by the Accra HLF. Several countries, including Armenia and Samoa, decided after the consultation to begin the process of adhering to the Paris Declaration.²

1 These included senior officials from central policy ministries (Finance, Planning and Foreign Affairs) as well as line ministries delivering results at sector level (Education, Health, Agriculture and Forestry), ensuring **breadth and depth of government participation**. Representatives from **civil society organisations** from eight countries took part, and **donor focal points** – acting as representatives for the in-country donor community. **Co-chairs, or their representatives, of most of the HLF-3 Round Tables** were present, along with **other international partners** with knowledge and influence on aid effectiveness.

2 Armenia and Samoa have since written formally to the OECD DAC in this regard.

4. In some cases country participants found it **difficult to relate to the global commitments and framework of the HLF**. This gap was bridged by starting with country experience of obstacles and related actions and building up to global level commitments that their ministers might endorse.

5. There was evidence of **high level political interest** with participation from ministers, deputy ministers and secretaries, though this was not uniform across countries. Senior officials saw the regional consultations as paving the way for in-country consultations at minister level (eg in Indonesia and Viet Nam), which would allow countries to provide official comments on the draft AAA. Delegates emphasised the importance of conveying the workshop outcomes to their colleagues in government, civil society and in the donor community at country level.

6. Colleagues leading work on **“cross-cutting” issues** underscored the importance of including in-country consultations with actors with a mandate for promoting aid effectiveness in the areas of gender equality, human rights, HIV and AIDS, and environment.

7. **Civil Society Organisations were seen as able to bring new perspectives and provide contributions**, both as direct development actors and as agents of accountability to other development actors. CSOs should not duplicate the function of governments but should aim to enhance government efforts. Some CSO representatives welcomed the Paris principles but called for them to be adapted to the CSO context.

8. The Asian Development Bank highlighted that it will develop an **Asia-Pacific perspectives paper** that brings together the key points from the four sub-regional consultations in the Asia-Pacific region, and table this at the Accra HLF.

9. Participants from Asia valued the exchange with Ghana and the Africa region in building up a common agenda on aid effectiveness actions.

10. The **Partner Country Contact Group led by Dr K Y Amaoko of Ghana was recognised as a key vehicle for partner country influence**, and the consultations resulted in a meeting of the Asia-Pacific Contact Group in Bangkok on 26 May.

Regional benefits from consultations

11. Country participants highlighted **peer networking** as an important benefit from the consultations, and a key outcome included partner countries getting together in small groups to work jointly on specific issues. Examples include Viet Nam, Lao PDR, and Cambodia (initiated discussion for developing a joint position paper on Mutual Accountability) and Nepal, Pakistan and Sri Lanka (proposed a joint best practice paper on Management for Development Results for the HLF-3 Marketplace). Participants agreed that these were genuinely **country-led initiatives** which would represent a unique contribution to the HLF-3 given the emphasis on donor-led studies to-date.

B. Accra Agenda for Action

12. Participants argued that the current AAA text was unclear, and that the final AAA should use **clear and simple language** which is not donor-centric and that partner countries can easily understand. The current AAA is so short and concise it leaves much unsaid “behind the words”. This makes it difficult to use as a basis for consultation as different participants have different understandings of what is meant. This challenge was increased by the lack of translation of any HLF-related documents (into Russian for example) prior to the regional consultations.³ Further explanations of the materials will be important to increase common understandings.

13. Delegates wanted the AAA to be a politically appealing and ambitious document, rather than a

document for technocrats. Some requested that the AAA focus more explicitly on the **six partner country priorities** identified during previous consultations (untying, conditionality, predictability, division of labour, incentives, and capacity development). At the first consultation (East and South-East Asia), participants discussed the draft AAA document while the South Asia and Central & West Asia participants also considered the Menu of Options, which was welcomed as a useful way focusing discussion on specific issues. Participants also felt that the balance between recipient and donor government commitments was not yet right (too many recipient commitments).

14. Participants provided rich and detailed feedback on the AAA and Menu of Options and this is summarised in **Annex 1** of the three sub-regional Outcomes Documents (available at www.accrahlf.net). Key extracts are given below.

Ownership

15. Ownership requires country leadership, good governance, transparency and accountability, both on the part of donors and partner countries. India's strong ownership of externally-aided projects was based on (a) building strong systems and institutions, (b) rational and transparent processes, and (c) developing strong capacity.

16. The **AAA should explicitly commit donors to reduce the number of conditions** and not just to reduce overlapping conditions. Some participants advocated for the elimination of policy conditionality by 2010, while others called for conditionality to be based on mutually agreed actions, stemming from a country's own strategies and programmes, and which are transparently set, monitored and reported on.

17. **Tied aid was seen as undermining ownership**, and participants called for its reduction. The need to improve country procurement systems and the capacity of local markets was also recognised.

18. All agreed that aid and the use of aid should be country driven. Some participants argued that if non-DAC donors adhere to the Paris Declaration as recipient countries, they should adhere to the same principles in their donor capacity, while a

³ The draft AAA and Menu of Options were translated in Bangkok for the Central & West Asia Consultation and are available at www.AidEffectiveness.org.

counter-view was that a single framework was not appropriate for such a diverse group as the non-DAC donors.

19. Stronger ownership by **localisation of the Paris Declaration** through national declarations and/or action plans addressing key Paris Declaration targets has been witnessed in a number of countries, particularly in South-East Asia (Cambodia, Lao PDR, Viet Nam), as well in Afghanistan. Ownership could be reinforced if more governments set out clear **aid policies** detailing, for example, institutional roles in aid management, approval processes, aid modality preferences and principles to guide an effective division of labour among donors.

20. Capacity development was emphasized by participants time and time again and highlighted as a key constraint to delivering results. International technical cooperation and donor support for capacity development should be demand-driven and provided across all levels of Government, based on coherent capacity development plans prepared by partner countries.

21. Some participants underscored the importance of **involving parliamentarians** in deepening country ownership, and others also highlighted the value that civil society organisations could play in this regard.

Alignment

22. Donors are reluctant to use country systems even when they have been strengthened to international standards. **Increased use of country systems by donors is the best route to improving systems.** Donors should be obliged to give reasons for not using country systems, indicate the specific improvements required and, it was hoped, contribute to capacity development measures.

23. **Insufficient predictability was flagged as a serious concern.** Countries called for donors to provide indicative three-year commitments for a growing share of their aid – without which it is difficult for countries to deliver on their Paris Declaration commitment of effective national planning and budgeting. Countries also requested that the gap between pledges or commitments and actual disbursement be closed as soon as possible.

24. To improve the alignment of ODA with national priorities, participants recommended that **partner countries and donors commit to develop and make use of national ODA Aid Management Systems to record and manage all funds.** Cambodia, Indonesia (Aceh), Maldives, Sri Lanka and Vietnam (among others) offer examples of country-owned systems to track and manage ODA. Many countries expressed concern that **some donors have difficulty in periodically reporting their totality of aid** (across their ministries and departments) in a format consistent with country systems, and called for some donors to invest in strengthening their internal systems.

25. There has to be **real commitment from donors to harmonise, align and adapt to partner country requirements at the sector level**, otherwise the partner country capacity and ownership can be undermined. Programme-based Approaches at the sector level were seen as an important mechanism to improve harmonisation and alignment, and if combined with support for related financial and administrative reforms, can also reinforce mutual trust.

26. **Division of labour** can help tackle fragmentation and misallocation of resources, but must be done under country leadership.

Harmonisation

27. Donors should not be focused on ‘attribution’ or visibility and learn to take joint credit for pooled efforts. This would enable better division of labour. Harmonization should not undermine the diversity of aid available for partner countries.

28. **Joint assistance strategies** amongst donors can help with big donor players, but including too many donors can actually increase transaction costs. Joint strategies must be based on aligning behind national plans and priorities (eg Harmonisation Action Plan in Bangladesh and the Partnership Forum in Maldives).

Managing for Development Results

29. Political leadership, good governance, and capacity for managing results are essential,

particularly for effective delivery of services to people. The AAA must address poverty, gender and the delivery of services – as the goal of improving the lives must not be lost sight of. The aid effectiveness agenda has become too technocratic and donors (and partner governments) should remain focused on its purpose – promoting better actual development outcomes.

30. There was consensus on the need for ‘managing for results’ not only for foreign assistance but for all development activities. There was, however, a need to have a small number of clear and simple indicators that are defined at the project design stage. The region is home to many MfDR good practices (eg Cambodia, Philippines, and Viet Nam).

31. Capacity is a core issues that is crucial to the achievement of results and the MfDR agenda. In this context peer-to-peer learning and south-south cooperation and joint evaluations were emphasized. Participants were invited to join the Community of Practice in Managing for Results which has capacity development as its thrust (<http://cop-mfdr.adb.org>).

Mutual Accountability

32. Some countries preferred the term “mutual responsibility” rather than “mutual accountability”, viewing the **key accountability for use of resources as being from partner government to parliament and citizens**. Some saw it as ironic that the Paris Declaration indicator for measuring mutual accountability placed an obligation only on partner countries. Participants called for an agreed definition of mutual accountability which recognises the obligations of both donors and partner countries. This will help clarify mechanisms for monitoring the reciprocal performance of governments and donors against aid effectiveness commitments. Good examples of such mechanisms were provided by South-East Asian participants (eg the independent monitoring mechanism in Vietnam, Philippines joint portfolio reviews, and Country Action Plans in Cambodia and Lao PDR).

33. CSOs were seen as having important perspectives to share in promoting mutual accountability, and their involvement was also seen as bringing

responsibilities, including improving mechanisms by which CSOs demonstrate their accountability.

C. Round Tables

34. The recommendations and country experiences from the discussions of each of the nine Round Table topics are summarised in Annex 2 of the three Outcomes Documents. Themes that recurred across the various Round Tables included: (i) there is a lack of trust between donors and partner countries; (ii) donors do not easily share data on aid flows with the partner countries, making it difficult for partner countries to plan and budget; (iii) emerging or non-traditional donors should commit to Paris Declaration principles; (iv) country-led joint work and initiatives are important; (v) definitions and terms used in the Paris Declaration and AAA need clarifying; and (v) insufficient capacity is a key constraint.

35. In **fragile states and conflict situations**, it is important that the donors establish the correct authorities to deal with. Donors should respond quickly and, in the short term, focus on a few critical issues necessary for stability and state building. A “national programme approach” (eg Afghanistan) can provide an effective framework since they programmes be delivered with government support, in the government’s name, reinforcing credibility and legitimacy, while drawing heavily on donor, UN and CSO resources and expertise. Donors should have, from the outset, plans for meeting medium- and long-term needs. The Central & West Asia consultation emphasized the role donors can play in conflict prevention and in targeting communities that are beyond the reach of government systems.

36. Countries recognised the **important contribution being made by non-DAC donors**, and that their performance in terms of speed, flexibility and fewer conditions presents a real challenge to traditional DAC donors. Some participants noted that agreements sometimes bypassed regular technical appraisal processes, the degree of concessionality of loans was not always clear, and that assistance was tied. Engaging non-DAC donors in the Accra consultation processes and recognising a diversity of approaches to aid effectiveness were

emphasised. Countries agreed that south-south cooperation was very valuable, and that tri-lateral arrangements were useful when additional technical inputs from DAC donors were sought.

D. Evaluation of HLF Consultations: feedback from country participants

37. Feedback from the country participants enabled the organisers to learn lessons and adjust each workshop to better meet country needs. The evaluation ratings indicated high and increasing satisfaction with the HLF sub-regional consultations

(see Figure). Country participants highlighted that knowledge gained would help “support our goal to prepare for Accra” and brief “delegations going to Accra” (South Asia). The consultations provided “new knowledge that will make it earlier to deal with donors” and “help us to improve our aid management and be more demanding when dealing with donors on using resources more effectively” (East & South East Asia). One South Asia participant noted that “it was an **excellent initiative to review the AAA and contribute our experiences for its enrichment**”. Colleagues highlighted the value in “sharing experiences and networking across countries” and that “this should be done again and again” (Central & West Asia).

Evaluation of Workshop Quality (1=low; 4=high)



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