



# DEVELOPMENT COOPERATION FORUM

## Informal summary of Roundtable 6

### *Aid effectiveness agenda: towards consensus at Accra and Doha*

1 July 2008

- Chair:* Jean-Marc Hoscheit, Ambassador and Permanent Representative of Luxembourg to the United Nations and Vice-President of ECOSOC
- Moderator:* Munir Akram, Ambassador and Permanent Representative of Pakistan to the United Nations
- Panelists:* George Y. Gyan-Baffour, Deputy Minister of Finance and Economic Planning, Ghana (via audio link)  
Eckhard Deutscher, Chair, OECD/DAC  
Ramesh Singh, Chief Executive, Action Aid International  
Trevor Manuel, Minister of Finance, South Africa and Special Envoy of the Secretary-General for the Doha Review Conference on Financing for Development

#### **Introduction**

The Paris Declaration on Aid Effectiveness marked a step change in articulating benchmarks for progress, yet the negotiations did not engage the full range of stakeholders. Moreover, the Declaration did not deal with several key concerns of programme countries (e.g. conditionality and predictability), as well as issues emphasized by other stakeholders such as parliamentarians and civil society (e.g. accountability and transparency). Primarily occupied with monitoring aid delivery, this process has not yet demonstrated genuine ability to change the behaviour of development actors or to link the aid effectiveness agenda with sustainable development results.

Aid effectiveness is a highly political issue in that several barriers to progress are of a political nature and political support for aid is unlikely if development assistance is perceived as ineffective. In this regard, it is important to recognize the factors on both sides of the aid relationship that can work against effective aid delivery. For example, on the donor side, considerations of political or commercial advantage, and on the recipient side, the competing interests of line ministries and those whose function it is to look at priorities across the board.

Following brief opening remarks by the Chair, the Moderator reviewed the context in which the roundtable was taking place. An important objective of the roundtable was to inform the outcome of both the Doha Review Conference on Financing for Development and the Accra High-level Forum on Aid Effectiveness. Another aim was to reenergize the debate on aid quality and effectiveness with a view of catalyzing political support for the development of a more integrated and universally-owned aid effectiveness framework,

which has a strong focus on the *development effectiveness* of aid. Several questions were subsequently posed by the Moderator to guide the panelists and the general discussion:

- With clear issues identified for deepening and broadening the aid effectiveness agenda, how could these be addressed to fully accommodate the *concerns of programme countries and other stakeholders*?
- How to strengthen the leadership of programme countries and national stakeholders in *monitoring and mutual accountability* for aid effectiveness?
- Why is the process associated with the Paris Declaration not bringing about clear/measurable *behavioral changes* in donor and programme countries?
- How to establish and demonstrate *clear links* between *aid effectiveness* and the broader issue of *development effectiveness* in order to avoid the international dialogue on the development effectiveness of aid becoming overly technocratic?
- How could the Development Cooperation Forum contribute to *regular assessments of progress* in scaling-up, mutual accountability and aid effectiveness, which include all stakeholders?

### **Developing countries to exert greater leadership of the aid effectiveness agenda**

*George Y. Gyan-Baffour* briefed on the status of preparations for the Third High-level Forum on Aid Effectiveness (HLF), which will take place in Accra from 2 to 4 September 2008. Almost a thousand participants are expected to take part in Accra, which will be organized around a “marketplace of knowledge, innovation and ideas”, nine round tables and a Ministerial Segment. Consultations on the Accra Agenda for Action (AAA) are ongoing, with the Working Party on Aid Effectiveness and the Consensus Group meeting in the second half of July to discuss the latest version of the outcome document. Whether these negotiations will result in an outcome that meets the expectations of programme countries is still uncertain. The Ghanaian Government is facilitating the participation of developing countries in the negotiations through the Programme Country Contact Group. Active participation of developing countries in the negotiations on the AAA is critical.

### **Accra will focus on the implementation of previously agreed aid commitments**

*Eckhard Deutscher* initially noted that the Monterrey Consensus established key principles of aid effectiveness, which were further elaborated by the Rome and Paris High-level Forums through the adoption of more specific goals and measurable indicators and targets. There is consensus that the aid effectiveness agenda will only deliver meaningful results if established through an inclusive process. In this regard, he stressed the important role played by the DCF in informing and democratizing the global debate on aid effectiveness, particularly through its preparatory meetings in Vienna, Cairo and Rome.

In attempting to avoid an overly politicized debate, the Accra HLF will primarily focus on how to strengthen the implementation of previously agreed aid effectiveness commitments, including through more active engagement of other key stakeholders such as parliaments and civil society. Programme countries have identified several key priorities for inclusion in the AAA such as reform of technical assistance, streamlining of

conditionality, strengthening of mutual accountability and untying of aid. Extensive consultations have taken place on these issues in different forums in the run-up to Accra.

The launch of the DCF and the upcoming HLF, have generated significant momentum in clarifying the priorities of different stakeholders. The issue of mutual accountability will be particularly highlighted at Accra, as progress in strengthening national ownership in development cooperation is viewed as too slow. With Member States at mid-point in the realization of the Millennium Development Goals, the Accra HLF will also aim to identify bottlenecks in the implementation of these goals as well as to mobilize political support for far-reaching changes in development cooperation.

### **Policy coherence across the Monterrey Consensus is critical for aid effectiveness**

*Ramesh Singh* emphasized that the DCF provides the most legitimate international platform for governments and other stakeholders to review the effectiveness of the present aid architecture. Accordingly, the Fourth High-level Forum on Aid Effectiveness in 2011 should be organized under the auspices of the DCF. The DCF is also well-positioned to foster high-level dialogue on issues such as “aid justice”, particularly gender equity in development cooperation, which is presently not high on the agenda of many donors. The aid effectiveness debate should also be situated within the broader context of financing for development.

It is particularly important that the Accra HLF address the “scandal of conditionality” and the issue of capital flight from developing countries as a result of multinational corporations evading taxes and/or local business regulations. Furthermore, it is critical that the Accra HLF makes significant progress in several areas of importance to developing countries such as reform of technical assistance, curbing of conditionality, untying of all types of aid, particularly in the context of the present food crisis and improvements in policy coherence across the Monterrey Consensus in order to enhance aid effectiveness.

### **Quality of aid matters as much as quantity**

*Trevor Manuel* stressed that regularly monitoring progress in achieving the desired development results should take center rather than exclusively focusing on increases in aid since the last international meeting. What development dollars buy is ultimately more important than the quantity of aid being disbursed. This also implies favouring trust-building and partnerships between donors and programme countries instead of excessive checks and balances instigated by donors. Curbing the transaction costs associated with micro-management would ideally mean that a dollar raised in donor countries would equal a dollar spent in a programme country.

Mr. Manuel noted that the Accra HLF would have to address country-owned development, inclusive partnership and facilitation of policy formulation in programme countries. Accra should result in concrete measures to help programme countries strengthen national capacity for policy formulation and implementation in order to enhance the quantity, quality and effectiveness of development aid.

### **Stepping-up implementation of the aid effectiveness agenda**

During the general discussion, national ownership, alignment and capacity building were highlighted as important preconditions for enhanced quality and effectiveness of aid. Enhanced predictability of aid is also critical for improved quality of development cooperation. Poverty as defined by programme countries should ultimately be the basis for alignment of development aid with national priorities. The DCF was seen as an ideal forum for reviewing progress in improving the quality and quantity of aid. In this regard, donor countries were urged to make concrete progress in realizing previously agreed commitments on aid effectiveness.

The need for improved transparency and mutual accountability in development cooperation was also highlighted. The role of parliaments and civil society in monitoring aid effectiveness at the country level was also highlighted as an area for further strengthening. Moreover, there were repeated calls for greater sense of urgency in accelerating the implementation of the aid effectiveness agenda, particularly with the aim of making development cooperation more equitable.

A representative of civil society stressed the need for careful analysis of the bottlenecks hampering the implementation of the Paris Declaration, particularly to make sure that such deficiencies would not creep into the AAA. The AAA should be a forward-looking document, and above all, stress the importance of including civic actors as real partners in the development process. The representative of local governments reiterated their willingness to be involved in the aid effectiveness agenda.

A common thread running through many interventions was a call for improved coherence and effectiveness of the global aid architecture. The DCF was seen as having a comparative advantage vis-à-vis other related fora in promoting global dialogue on this issue.