

**ECOSOC High-level Segment**  
**Official launch of the Development Cooperation Forum**

**Promoting greater coherence among development activities of different development partners -  
*the role of national aid coordination and management***

**Palais des Nations, Geneva, 5 July 2007 (11:30 am– 1:00 pm)**

**Informal Summary**

- Chair:** Léo Mérorès, Vice-President of ECOSOC
- Moderator:** Abdoulie Janneh, Executive Secretary, Economic Commission for Africa
- Panelists:** Zakia Meghji, Minister of Finance, Tanzania  
Le Hoai Trung, Director-General, International Organizations Department,  
Ministry of Foreign Affairs, Viet Nam  
Olav Kjørven, Assistance Administrator, Bureau for Development Policy, UNDP  
Julian Lob-Levyt, Chief Executive Officer, GAVI Alliance, Geneva
- Lead discussant:** Irene Freudenschuss-Reichl, Director-General, Department for Development  
Cooperation, Federal Ministry for European and International Affairs, Austria

Ms. **Zakia Meghji (Tanzania)** emphasized that national ownership and government leadership of the development process constitute some of the key principles in enhancing partnerships with development partners and other stakeholders. National ownership implies that programme countries are in charge of their development process and that they should provide leadership in the formulation of development goals, plans and strategies. Donor support should follow these priorities once established. Furthermore, national ownership and government leadership imply that programme countries should have the mandate and authority to determine the aid delivery modalities, i.e. how aid is going to be given. Development partners are not expected to be passive, yet they are expected to align their policies and practices to give space for domestic initiatives and to facilitate progress towards national ownership by encouraging and supporting processes of analysis and discussions that lead to more informed and balanced domestic decision-making.

Country-led partnerships call for ownership of the design and development policies. They also call for strong government leadership, clear institutional and organizational frameworks and information systems for aid coordination. These components are likely to be in place where partnerships with stakeholders are established. To be able to formulate and implement as well as monitor and evaluate policies and strategies, programme countries need to strengthen capacities at all levels, including parliaments. Governments should develop capacities to produce and implement strategic budgets and account in a timely manner for activities, expenditures and results. Capacity development should ultimately enhance the ability of programme countries to meaningfully engage in dialogue with developing partners.

In the context of Tanzania, national ownership and government leadership of the development process are addressed through the Joint Assistance Strategy (JAST) which aims at consolidating and coordinating government efforts and development partners support under a single government-led framework to achieve poverty reduction and economic growth. JAST emphasizes demand-driven technical assistance

for building national capacities and a clear division of labour within government and among development partners.

With regard to aid delivery modalities, development assistance has increasingly been shifting from project aid to basket funding and eventually general budget support (42 per cent of total aid). This, firstly, increases the predictability, availability and disbursements of external resources. Secondly, it ensures domestic accountability of the government by parliament which otherwise is not the case with project and basket funding. Thirdly, it contributes to reduced fiduciary risk and the strengthening of budget processes with the avoidance of extra-budgetary financing.

In order to achieve national ownership and government leadership the following were considered essential requirements: i) well-articulated national vision, policies and strategic objectives; ii) alignment of aid to national priorities, activities and programmes; and iii) participatory approaches in the formulation of national strategies. Some of the major constraints were considered to include rigid legislation and policies at the headquarters of development partners, for example in procurement and financial systems, as well as off-budget project support which makes it difficult to achieve full alignment with national priorities.

Mr. **Le Hoai Trung (Viet Nam)** expressed appreciation of the reform initiatives launched by the United Nations Secretary-General while highlighting that reform should be flexible, oriented towards each country's need and depend on the circumstances of individual countries. The specific circumstances of Viet Nam were highlighted, including an annual economic growth rate from 1990 to 2005 of more than 7 per cent and total FDI from 1998 to 2006 of \$50bn. It was noted that the country is likely to be within the timeline in achieving the MDGs with poverty having been reduced by 2 per cent a year since 1999. Nevertheless, Viet Nam still faces socio-economic difficulties in terms of low quality growth, widening gap between rich and poor, and increasing competition as the economy is more integrated into the world economy.

With most donors resuming development assistance in 1993, external resources were considered important, yet domestic resources were deemed to be decisive in the country's development efforts. It was noted that forging partnerships with development partners is important, in particular trying to create partnerships at both national and sectoral level in order to promote coordination of resources, as well as forging partnerships among donors under the leadership of the government. As part of these efforts, Viet Nam has been selected as pilot country in a number of UN development cooperation schemes, including the deployment of CCA/UNDAF and most recently in the unified UN country approach through '*delivering as one*'.

The comparative advantages of UN agencies were appreciated, yet the Organization needs to be reformed considering its limited resources. Between 2001 and 2005, for example, UN agencies accounted for less than 2 per cent of total ODA in Viet Nam and only four agencies accounted for more than 0.1 per cent. Currently, there are more than 50 bilateral and multilateral donors and more than 500 international NGOs operating in the country which illustrates the need to harmonize and simplify procedures.

Two of the key factors for ensuring success in '*delivering as one*' are that the government must want it and that there should be genuine cooperation among UN organizations both at headquarters and at field level. One of the challenges in this respect is to facilitate the participation of all UN organizations in order to have coordination and coherence of UN activities while also maintaining their distinct identities.

Mr. **Olav Kjørven (UNDP)** remarked that ensuring the relevance and value-added of the UN system is not primarily about financial resources; instead it is about support to a national agenda in terms of capacity development, providing policy options, technical assistance and solutions.

Some indication of progress on the ground in terms of national aid coordination and management was noted, although it was considered too slow when it comes to enhancing aid effectiveness. It was considered important to step up monitoring of the Paris Declaration as the 2008 DCF and the High-level Forum on Aid Effectiveness in Accra will be approaching. Similarly, at the mid-point of MDG progress is not fast enough and the need for scaling-up aid is still imminent. It was noted that even in countries that are making tremendous progress the aid system is not picking up their end of the bargain.

This is not solely a political issue, but it also has a technical dimension. Many donors face difficulties in making multi-year commitments due to constraints imposed by parliaments. Preparations for the DCF could look at such issues in a joint way by bringing together the Bretton Woods institutions, OECD and UN agencies and solicit technical solutions that will help making improvements.

With regard to the DCF, it was considered a link between ECOSOC, the Monterrey Consensus and the Paris Declaration. It was noted that the Forum holds promise of a more solid, universal and inclusive platform to build a global results and evidence-based framework to promote the effectiveness of aid and development partnerships. Partnerships should also be developed around a results-based agenda within the aid coordination mechanisms at the country level. This implies a need to strengthen national ownership and leadership of development processes and coordination at the country level through capacity development.

In order to ensure mutual accountability and transparency, there is a need for consistent tracking and monitoring of resources through cost-effective aid management systems which are nationally managed. Working towards deployment of such systems, but also looking at the interface with systems that track development outcomes, for instance DevInfo that tracks MDG outcomes, is important. This can give more real picture of progress and impact of development assistance.

In addition to emphasizing the importance of the regional dimension of development, climate change was considered a substantive challenge that is and will stay on the development agenda. The big challenge is to build climate change risk into national development and aid frameworks.

**Mr. Julian Lob-Levyt (GAVI)** identified the health sector as probably one of the more fragmented sectors both globally and nationally. There are about 100 global health partnerships of various sizes with GAVI mobilizing some of the most significant financial resources which includes the disbursement in 2007 of \$1bn to roughly 70 of the poorest countries in the world. Over the next 10 years, the organization is expected to disburse roughly \$8bn which will be mobilized from the private sector, through capital markets, foundations and bilateral agencies. Established in 2000, as a global public-private health partnership, GAVI was created due to frustration about the international health architecture and the delivery of health services, in particular immunization.

New actors have emerged on the global development stage with the Gates Foundation, for instance, representing a level of finance and a capacity that are greater than nearly all bilaterals in the health sector. As part of this fundamental shift, GAVI was created to mobilize significant additional finance, introduce new vaccines and improve the coverage of existing ones. It is a results-driven and performance-based organization that seeks to work through partners, mainly the major UN agencies involved in health. It was recognized that GAVI has contributed to some of the challenges currently faced in the context of development cooperation, yet it was also noted GAVI responds to different sets of demands.

Initially, GAVI was mainly engaged in short-term and off-budget financing which in part was owed to being results-driven on a global basis. At that time there was less of an agenda for harmonization and governments and ministries of health showed interest in receiving funds off-budget. GAVI was country-

driven and responded only to requests from governments for support for immunization and health systems. It worked with no country presence through the partners since it was there to add value as a partnership with a clear intention to measure itself. GAVI used to be criticized for being too vertical and for not paying sufficient attention to health systems and the underpinning platforms for the delivery of services. Admittedly, the organization contributed to distorting national priorities because of its focus and budgetary priorities.

Yet in the last two years, in consultation with ministries in developing countries, GAVI has sought to change the way it operates through a more harmonized agenda. Financing can now go to budgetary support in those countries where this is appropriate. Instead of short-term and project-based finance, GAVI is moving toward long-term and predictable financing. It is now able to enter into agreements for 10 years of predictable and binding financing against results. This particularly minimizes the risk of governments since bilateral support is one of the least predictable sources of finance.

One of the challenges working almost entirely through public health systems is that people access health services through both public and private sectors. In India, for example, 90 per cent of household health expenditures is through the private sector which raises the issue of whether harmonization and nationally driven processes are sufficiently inclusive. Even though GAVI has shown great results in, for instance, Tanzania and Viet Nam sustaining over 90 per cent immunization coverage for children as well as an immunization coverage rate in Sub-Saharan Africa going from the low 40's to over 70 per cent coverage within a five year span, this story is often not sold and told sufficiently clearly. Also, there needs to be a much stronger global process and architecture that are far more accountable to national processes than is currently the case. Agencies are still headquarter-based and despite good intentions numerous projects in the health sector are still imposed from the top.

Ms. **Irene Freudenschuss-Reichl (Austria)**<sup>1</sup> cautioned that the improvement of the effectiveness of development cooperation, in particular aid effectiveness, increasingly is becoming a business in its own right. Various strands of making development cooperation more effective were accounted for, including the bilateral work harnessed by the OECD/DAC; division of labour and code of conduct within the EU; system-wide coherence and '*delivering as one*' at the country level in the context of the UN; international financial institutions and new donors. Thus, donor harmonization was seen to be proceeding on several parallel tracks, and in this connection the DCF could become the platform where these tracks are brought together and synthesized.

Many developing countries have embarked on decentralization processes as a way of bringing government closer to the people and delivering services more effectively. This has to be factored into deliberations when talking of making it possible for programme countries to be driving their own development process. It was also noted that enhancing development cooperation is not a final goal and that the international community should be aspiring to make development more effective. Development cooperation, as important as it may be, is only one ingredient in development and by far not the most important one.

The traditional divide between donor and programme countries was no longer considered valid. Instead other forms of cooperation, including south-south cooperation, have to be taken into consideration. It was also contemplated whether the mechanisms of development cooperation are suitable for addressing challenges such as climate change or whether such challenges should be addressed under other headings

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<sup>1</sup> Ms. Freudenschuss-Reichl also accounted for the policy messages of the Vienna High-level Symposium which was held on 19-20 April 2007. Please visit: [http://www.un.org/ecosoc/newfunc/Austria\\_symposium.pdf](http://www.un.org/ecosoc/newfunc/Austria_symposium.pdf)

In some countries, the most vocal advocates for development cooperation are civil society organizations that work in this area. At the same time, they are the ones that are the most intensely wedded to project cooperation. They advocate for development cooperation, yet their livelihoods still depend on traditional delivery of development assistance. The role of parliaments and media were also emphasized with the case of general budget support which requires a well-functioning budget system and parliamentary oversight in programme countries. In donor countries, parliaments authorize such funding and want accordingly to see evidence of progress. Yet general budget support is not conducive to media coverage since it does not produce tangible projects to show for a general public. It would thus take more involved participation of the media to demonstrate development progress to national audiences. It was noted that in order to change the perception of aid effectiveness the media would have to project more accurately the changes that are occurring.

**Haiti** observed that the majority of external partners have their own system of assistance and that they have different ways of selecting the projects put before them. This creates tension in various technical ministries that are responsible for preparing projects and the varying requirements on the part of donors strain national capacities. The proliferation of NGOs exacerbates this challenge since their activities are not necessarily within the context of the defined priorities of the government. In addition, technical staff end up outside of the governmental structure since NGOs offer these people conditions that the government is not able to match. Most donors have a tendency to approach technical ministries directly creating cells for conducting projects. This does not necessarily contribute to strengthening capacities within government at the central level. The proliferation of these cells may even hinder coordination and coherence. The government is looking for the Resident Coordinator and the '*delivering as one*' to play a role.

**Ghana** reported on the national progress of donor harmonization under the framework of the Paris Declaration which has provided a platform for actions to reduce aid fragmentation through specialization and delegation as well as improving internal incentives for collaborative behaviour.

**South Africa** observed that the terminology of development cooperation should be sensitive to and reflect the nature of the relationship between donor and programme countries. In developing country democracies, governments were considered to be accountable to their respective publics and to parliaments in appropriately pursuing the national development agenda. In addition, the preference for general budget support involved a relationship to donors that should be characterized by mutual accountability.

**Portugal (on behalf of the EU)** informed of the commitment to promoting donor coherence through the guiding framework '*policy coherence for development*' and a code of conduct which ensure complementarity and division of labour. It was noted that the DCF would be useful in learning about the experiences of other donor countries with regard to aid effectiveness. Donors must seek to maximize space for governments to define their priorities and to fully live up to their responsibilities. With regard to countries in transition, it was recognized that the international community does not yet have sufficient instruments for support to these countries which by definition have a limited capacity for national ownership. Yet they should not be penalized for having limited capacities for national ownership and instruments should be developed to respond appropriately to these particular circumstances.

**Cape Verde** mentioned that national ownership and leadership implies having a clear vision of the priorities and challenges facing the achievement of development goals. Considering the relatively limited scope of government, the inclusion of all stakeholders at the national level in defining development priorities as well as managing the implementation, monitoring of strategies and assessing outcomes is critical. Donors should make use of comparative advantages when it comes to coordination, and conditionalities and earmarking of assistance should be reduced to further aid effectiveness. In addition,

predictability of funds was deemed essential in improving the impact of development efforts. As one of the first UN pilot countries, it was emphasized that in Cape Verde's experience establishing one country programme is more important than pursuing administrative reform. Finally, Executive Board members were urged to allow administrative savings to be reinvested in country programmes.

**Denmark** mentioned that an assumption often is made that donors need projects in order to have visibility vis-à-vis parliamentarians and domestic media. Yet a significant part of donor funding is concentrated in a limited number of sectors and through sector-specific programme support which enables attribution. It was contended that parliamentarians will listen to genuine and true storylines rather than fixate on accounts.

**Kenya** emphasized that local partners need to have a vision of achievable priorities within a certain timeframe in order to establish local ownership. At the same time, capacities have to be available to lead and manage the process. With regard to technical assistance, attention was drawn to the work that has been done in developing local capacities in several countries which should be exhausted before turning to international experts. Through the process of decentralization, local capacities have been built which has also lowered the cost of execution. Sector-wide approaches where the Bretton Woods institutions take the lead and other development partners join in on pooling resources were commended.

**El Salvador** asked how one can ensure that the UN system as a whole contributes to building up a medium and long-term vision as well as ensuring coherence among the various demands and requirements in the context of countries emerging from armed conflict. It was questioned whether a dialogue with stakeholders, including parliamentarians, is possible if there is no such capacity.

**Guinea-Bissau** agreed that programme countries must have vision since development first of all should be an endogenous process. In addition, the Regional Commissions have an important role to play in ensuring that the regional dimension is upheld in initiatives undertaken at the national level.

**Guinea** questioned the sustainability of projects which are driven by partners and not integrated into clear national plans. In terms of capacity building, it was mentioned that appropriate instruments must be drawn up for dealing with fragile states emerging from crises, in particular since these countries face absorption issues. Multilateral institutions were urged to take a lead in ensuring the integration of public-private partnerships into a global framework.

**Ethiopia** remarked that the discussion should focus on progress in implementing the Paris Declaration. It was noted that as a number of donors have moved to sector support, others are still entrenched in the conventional system. Also, political commitment and willingness to implement the Paris Declaration were considered crucial factors in making progress. As there is a need to engage with partners, there is also a need for those partners to give space for governments to decide since decision-making ultimately is the responsibility of the local government.

**New Zealand** explained the holistic approach employed by the country in development cooperation. Previously, NZAID took the lead in delivering development on the ground, yet a broadened approach now includes other departments such as education, health, agriculture, environment, etc. It was proposed for governments, media, academics, etc. to go on field visits to in order to promote dialogue and to avoid a "departmental director-dialogue". The aim of such a holistic approach (*'one voice for development'*) is to further dialogue both within government as well as between government and other stakeholders.

**Barbados** remarked that the starting point for the development activities of development partners must be the needs and priorities of developing countries to which development strategies must be appropriately tailored and targeted. A stronger global governance system was deemed necessary. Climate change was

viewed as a constraint to development and it was noted that adaptation to climate change is a development priority. This urgency has to be reflected at the global level.

**Namibia** noticed the importance of reducing transaction costs in order to ease the burden on programme countries and noted the importance of aid channeled through a single entity which in the case of Namibia is the National Planning Commission. One of the key challenges was seen to be the question of how the Paris Declaration could be internalized most effectively.

**OECD** mentioned that the Paris Declaration provided a common reference point for development cooperation and an action plan to move forward on the aid effectiveness agenda. The need for a close relationship between the DCF and the Paris process, including the High-level Forum on Aid Effectiveness in Ghana in 2008, was also mentioned. Attention was drawn to the first baseline survey of the implementation of the Paris Declaration which highlighted the importance of ownership. Half a dozen countries are doing very well, yet a number of issues are still outstanding including the predictability of aid.

**IPU** noted that the executive has proven dominant in negotiations for development assistance with parliaments, including oversight committees, having rarely an opportunity to take part in the negotiations for international loans, grants or aid.

**UNESCO** endorsed the need to accelerate harmonization of work on donor assistance outside of the UN system. It was noted that if development of national priorities are to be evidence-based statistical capacities are needed and that even though experiences abound from various pilots of reform there is still a lack of specialized knowledge of how to scale-up such pilots. UNESCO also asked to register the role that culture plays in the development processes.

Mr. **Abdoulie Janneh** concluded the roundtable by pointing out that coherence per se should not be the ultimate goal. Instead, focus should be on the contribution of coherence to development. In terms of promoting coherence, the session highlighted the need for national ownership and leadership as well as various aid modalities, in particular the need for general budget support and predictability. Finally, the issue of capacity was brought to the fore in order to enable programme countries to manage aid flows in a transparent and accountable manner. It was remarked that with broad agreement on these issues, the future challenge would be to put these principles to task.