

UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL



REPORT
OF THE
ROME STAKEHOLDER FORUM

The role of national and local stakeholders in
contributing to aid quality and effectiveness

12-13 June 2008

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Background

As part of strengthening the United Nations Economic and Social Council (ECOSOC), Member States at the 2005 World Summit mandated the Council to convene a biennial high-level Development Cooperation Forum (DCF). The Forum will review trends in international development cooperation, including strategies, policies and financing; promote greater coherence among the development activities of different development partners; and strengthen the normative and operational link in the work of the United Nations. The General Assembly, in resolution 61/16, further decided to hold the first biennial DCF in New York in 2008.

To facilitate effective preparations for the 2008 DCF, the United Nations Department of Economic and Social Affairs (UNDESA) has supported the organization of several nationally-led high-level symposiums, with particular attention to key challenges in development cooperation. The first symposium, organized in cooperation with the Government of Austria, was held in Vienna on 19-20 April 2007, focusing on “*Country-level experiences in coordinating and managing development cooperation*”. The second symposium, held in Cairo on 19-20 January 2008, in cooperation with the Government of Egypt, reviewed “*Trends in development cooperation: South-South and triangular cooperation and aid effectiveness*”. A Global Preparatory Meeting was also convened on 6 March 2008 in New York, to review the substantive outcome of the Vienna and Cairo symposiums and to enable Member States to discuss their expectations for the inaugural Forum and beyond.

Rome Stakeholder Forum

The Rome Stakeholder Forum was held on 12-13 June 2008 in cooperation with the Government of Italy, discussing the theme “*The role of national and local stakeholders in contributing to aid quality and effectiveness*”. An important objective of the meeting was to further cement the participation of a broad range of stakeholders in the DCF preparatory process. The conclusions and recommendations of the Rome meeting informed the discussions in the 2008 DCF and will also contribute to preparations for the second Forum in 2010.

The Rome Stakeholder Forum provided an opportunity for parliamentarians and representatives from civil society and local governments to engage in an interactive dialogue on how these actors can best contribute to enhanced effectiveness and coherence of development cooperation. Organized in partnership with the Inter-Parliamentary Union (IPU), United Cities and Local Governments (UCLG), CIVICUS World Alliance for Citizen Participation and Action Aid, the one-and-a-half day meeting discussed, in particular, the critical role these actors play in guiding, managing and monitoring development cooperation at the country-level. Legislatures, local and

regional authorities and civil society actors increasingly play an important role in helping to ensure that development cooperation benefits the people in greatest need.

The Rome Stakeholder Forum was attended by approximately 150 participants, including representatives from developing and developed countries as well as United Nations organizations.

Following the opening plenary session, the discussions took place in three parallel segments focusing on the following themes:

- (a) Alignment of aid with national development strategies: *role of national and local stakeholders*;
- (b) Reform of conditionality and tied aid: *towards improved aid quality*; and
- (c) Assessment of aid modalities: *general and sector budget support, project aid and technical assistance*.

The three segments reported back to the plenary at the start of the second day, followed by general discussion on key challenges in development cooperation at the national and global level.

Opening

In opening the Rome Stakeholder Forum, the Chair, **Renzo Rosso**, Minister Plenipotentiary and Coordinator of Multilateral Cooperation in the Ministry of Foreign Affairs of Italy, emphasized the potential of the 2008 DCF in initiating a critical dialogue on the coherence and effectiveness of aid delivery, with the objective of informing the outcome of the Accra High-level Forum on Aid Effectiveness in September and the Doha Review Conference on Financing for Development in November/December. The expectations for the Rome Stakeholder Forum were therefore high, since key national stakeholders, who otherwise are generally absent from the global dialogue on development cooperation were being provided with a prominent platform to articulate their views.

Jacques Diouf, Director-General of the Food and Agricultural Organization of the United Nations (FAO), emphasized that innovative partnerships with local governments, parliaments and civil society should be examined and taken into account when reviewing the implementation of the Paris Declaration on Aid Effectiveness. FAO's experience with innovative modes of cooperation with local authorities, although still limited, has proven very positive. Most often, such cooperation arrangements include local partners selected in consultation with donors, governments and local authorities. There is considerable scope to further strengthen these partnerships, since agriculture provides critical livelihoods for 70 per cent of poor people in developing countries. However, despite the importance of agriculture to economic development in developing countries, aid to this sector declined in real terms by 58 per cent between 1980 and 2005 and its share of official development assistance (ODA) plummeted from 17 to 3 per cent. These facts point to the urgent need to give greater prominence to agriculture in aid allocation, as well as in the global dialogue on aid effectiveness.

Andrei Dapkiunas, Vice-President of the Economic and Social Council, underlined that the Council's deliberations on international development cooperation will greatly benefit from the unique input of a broad range of stakeholders at the Rome Stakeholder Forum. The framework for aid effectiveness needs to be more inclusive and based on programme country leadership, including active participation of all stakeholders, if genuine national ownership is to be achieved. The DCF has an important role to play in ensuring that national ownership and leadership will be at the centre of discussions on aid quality and effectiveness. In future years, the Forum would also need to address a range of other critical issues, including how to enhance the coherence of development cooperation with other policies impacting development in developing countries.

Sha Zukang, Under-Secretary-General of the United Nations Department of Economic and Social Affairs (UNDESA), stressed that an important comparative advantage of the DCF is its ability to engage stakeholders that tend to be marginalized in other processes influencing global and national development cooperation policies. He also pointed out that despite progress in various areas of development cooperation, the delivery of aid by the 22 OECD/DAC donors dropped by 8 per cent in 2007. Moreover, the food crisis has raised questions about the ability of the world community to address the root causes of vulnerability and insecurity in this area.

There is broad agreement that policy conditionality and tied aid distort aid effectiveness and undermine national ownership of development strategies in programme countries. Under-Secretary-General Sha also highlighted that general budget support currently accounts for less than 10 per cent of ODA despite its potential to strengthen national ownership and accountability as well as disbursement speed and predictability of resource flows, while project support and technical assistance continue to dominate aid flows provided by DAC donors, accounting for 34 and 20 per cent of total ODA in 2006 respectively.

Pier Ferdinando Casini, President of the Inter-Parliamentary Union (IPU) expressed the view that enhanced interaction between parliaments and civil society can help strengthen the monitoring of aid flows and development results. Strengthened dialogue between parliaments and local authorities on development cooperation, at the same time, can contribute to fairer distribution of aid flows between the central and local level of government. The attention of participants was drawn to a resolution adopted at the recent IPU Assembly in Cape Town on "*Parliamentary oversight of state policies on foreign aid*"¹, which stresses the importance of governments in donor countries fulfilling commitments to scale-up aid. The resolution furthermore points out the delicate balance between aid quantity and aid effectiveness, as poorly delivered aid may lead to costly distortions to the economy and the social fabric of programme countries.

¹ <http://www.ipu.org/conf-e/118/118-2.htm>

Hon. Casini reminded participants that the Paris Declaration on Aid Effectiveness makes references to parliamentary oversight as a critical element of ownership and mutual accountability. Too much aid is unaccounted for and excessive influence of donors in national planning often results in skewing development priorities at the country-level. While basic human rights and governance standards should apply to all programme countries, it is important to identify the appropriate negotiating parties at the country-level. This includes deciding on which national actors to be invited to participate in negotiations on such conditions. Parliaments should be more involved in the process, but they rarely have sufficient information or comprehensive and verifiable data to effectively assess, for example, the levels of untied aid.

Elizabeth Gateau, Secretary-General of United Cities and Local Governments (UCLG), stated that half of the world's population resides in cities and other local authorities. Despite great advances in promoting decentralization and local democracy around the world, there is still much work to be done in this area. While local authorities welcome the Paris Declaration on Aid Effectiveness they are concerned about their lack of involvement in the negotiation process. Secretary-General Gateau also proposed that at least 20 per cent of aid should be targeted for delivery through local governments. In addition, she stressed the importance of effective monitoring and evaluation of decentralized cooperation, as well as the need to strengthen policy dialogue between different stakeholders involved in development cooperation.

Kumi Naidoo, Secretary-General of CIVICUS World Alliance for Citizen Participation recognized the DCF as a forum for addressing weaknesses in the global governance system, with particular focus on current coherence and compliance deficits. There was also great need to ensure enhanced consistency between the different coherence-seeking mechanisms in order to avoid high transaction cost. In this regard, multi-stakeholder dialogue is key to better understanding the comparative advantage of different development actors.

The Paris Declaration on Aid Effectiveness was welcomed but it was emphasized that it is only means to an end, and not the end itself. The purpose of aid effectiveness is ultimately to ensure that people escape poverty, have access to water, education, health and basic necessities. Development is not only a set of products but also a process with intangible benefits which may not always be captured by elaborate indicators and targets. Similarly, there is need to recognize the different institutional realities among development actors.

Parallel segments

A unifying message of all three parallel segments was the need to enhance capacity-building and exchange of experiences and best practices among parliaments, local authorities and civil society actors. Much of the attention was focused on the importance of strengthening coordination, communication and consultation among different development cooperation actors, which would

lead to a more inclusive and coherent approach in meeting national and global development goals. All three stakeholder groups agreed on the need for greater collaboration at the national and global level which would strengthen their respective role as development partners as well as facilitate enhanced transparency, accountability and information-sharing in development cooperation.

Below is a brief summary of the discussions in the three parallel segments.

A. Parliamentarians

National development strategies and development aid

Parliaments should particularly focus on macro-level issues such as the effectiveness of national development strategies, budgets and aid policies when exercising oversight of development cooperation, rather than scrutinizing individual loan and grant agreements. They should also play a more active role in planning, implementation and assessment of national development strategies, yet few legislatures are involved in such processes. Although parliaments have gradually become more involved in the preparation of Poverty Reduction Strategy Papers (PRSPs), this engagement needs further deepening.

Many parliamentarians in programme countries have only scant knowledge of development cooperation policies and programmes at the country-level, including information on aid flows and development results. In many instances, parliamentarians have to rely on information provided by donors rather than their own government. This makes it difficult for the legislative branch to assess how well aid is aligned with national development strategies. This oversight role, however, can be made more effective by better use of policy analysis and information supplied by civil society organizations (CSOs), independent think tanks and local authorities. Strengthened cooperation with the Office of Auditor General can also enhance parliamentary oversight in this area.

Parliaments, as well as local governments and civil society, have various other mechanisms to promote enhanced alignment of aid with national development strategies, including the establishment of a development cooperation committee or sub-committee in the legislature; testimony of stakeholders and experts to parliamentary committees and public hearings; whistleblowing to audit institutions; and participatory evaluations. Legislatures need to actively encourage stakeholders to use such mechanisms. Another important goal of parliamentary oversight could be to help ensure that all aid flows are recorded in the budget.

High priority should be accorded to capacity-building of legislators in monitoring the implementation of national development strategies and budgets, including results-oriented audits, particularly in post-conflict countries. Such capacity building support could include strong focus on the promotion of South-South exchange on good practices in parliamentary oversight.

Policy conditionality and tied aid

Many donor countries are shifting from traditional policy conditionality towards building the capacity of programme countries for good governance through changes in aid allocation practices. Donors, however, should not limit such capacity-building efforts to governments, but also strengthen other mechanisms aimed at institutionalizing accountability, transparency and checks and balances in national governance. In this context, it was stressed that aid given to strengthen the oversight role of parliaments, should go directly to the legislature, rather than through the Executive.

Parliaments are rarely privy to negotiations on policy conditionalities, despite the need for transparency on such issues. In those cases where policy conditionalities are applied, it is important that they be derived from a nationally-led consultation process. One condition that makes particularly good sense is for parliaments and civil society actors to be involved in the formulation, implementation and monitoring of development plans. The negotiations between donors and programme countries, in fact, should result in “mutually agreed objectives” rather than conditions.

It was pointed out that in many instances the use of policy conditionality was not proportional to aid volume. Complex requirements should not be applied to small aid volume since conditionality carries significant opportunity cost in terms of reporting procedures and other requirements that must be met, potentially diverting scarce resources from core development activities.

Parliaments support the untying of aid so that programme countries can benefit from the use of national expertise and systems. However, it was noted that a key obstacle to significant reduction in tied aid is the strong influence wielded by industry lobbyists in donor countries.

Selection of aid modalities

Parliaments prefer the use of general budget support in the delivery of aid since this modality facilitates better oversight, lower transaction cost and enhanced alignment with national development strategies. There was strong support for increasing the share of aid allocated through general budget support vis-à-vis project financing and technical assistance. A portion of funds for general budget support should also be earmarked for strengthening of institutions and systems promoting enhanced transparency and accountability in aid delivery. Project financing, on the other hand, should primarily focus on addressing specific development needs.

Scaling-up general budget support would require commensurate strengthening in parliamentary oversight. Yet in most programme countries the budgetary role of parliament is largely limited to adopting the budget proposal submitted by the government. In some countries, this is the result of inadequate constitutional and legal frameworks, in others, it reflects asymmetric authority of the legislature vis-à-vis the government. In all instances, however, should governments be expected to

table for discussion in parliament an annual report on budget performance, including in the area of development cooperation.

Parliamentary oversight of development cooperation can also be further strengthened by more direct engagement of legislators with local communities, including CSOs, with the view of better assessing how aid programmes are meeting their needs. Parliaments can similarly play an important role in ensuring that all aid and loans from bilateral and multilateral donors to CSOs, local authorities and others, are properly accounted for.

B. Civil society

CSOs play several distinct roles in development, including mobilizing civic engagement on issues such as gender equality, human rights, environmental sustainability and labour standards; contributing to policy formulation on a range of issues; delivering services; and monitoring the implementation of development programmes. As part of commitment to enhanced aid effectiveness, development effectiveness standards for CSOs are currently being developed through an independent process, taking into account the distinct and diverse roles of these actors in the development process.

National development strategies and development aid

An important role of national development strategies is to guide the formulation and implementation of development policies and programmes and facilitate aid coordination. National development strategies should be formulated through a broadly-owned dialogue process at the country-level. Democratic participation, extending beyond programme country governments to include other key stakeholders such as parliaments, civil society, and local governments is critical for broad-based ownership of such strategies. Experience suggests that access of stakeholders to relevant information from both donor and programme countries, is an important success factor for such dialogue processes. Donors can greatly facilitate this process by ensuring that Joint Assistance Strategies are effectively aligned with national development strategies.

Policy conditionality and tied aid

Asymmetric power relations between development partners often make it more difficult to ensure democratic ownership and mutual accountability in development cooperation. National ownership in development cooperation is also undermined by the pursuit of commercial interests and policy priorities of donor countries, which regularly lead to the use of policy conditionality and tied aid. Development cooperation, instead, should be based on a framework of democratic partnership firmly anchored in national and global development goals. This suggests an approach where the responsibilities and commitments of both donor and programme countries are clearly set-out in transparent aid compacts, premised on mutual accountability and national sovereignty.

Selection of aid modalities

CSOs strongly advocate that the allocation of aid should be guided by open and transparent policies. Donors, however, often fail to provide adequate information to programme countries that can facilitate effective budget planning and programme implementation. This includes lack of information on how, as well as how much, aid is expected to be disbursed in a given period. Without such information, it is very difficult for governments in programme countries to plan ahead, and it also hampers effective oversight by parliaments and civil society.

It was also pointed out that some aid such as imputed student costs and first year expenditures associated with refugees never leaves donor countries. CSOs have strongly argued that these costs should not be counted as ODA, while financial support for gender budgeting and advocacy, as well as the strengthening of accountability mechanisms involving civil society and parliaments at the country-level, should be greatly enhanced.

The primary criteria in selecting aid modality should be effectiveness in meeting the needs of beneficiaries. CSOs strongly support reform of technical assistance that would give greater prominence to South-South cooperation in this area. Technical assistance should also increasingly be jointly determined and managed by programme countries and donors with a view of promoting the development of local expertise, both through procurement and capacity building support.

The role of the DCF

Development cooperation is seen by CSOs as an important international instrument to promote redistributive justice. Development aid, for this reason, should be considered a global public good - not charity - and developing countries should not be denied the minimum financing required to meet the basic needs of their people.

CSOs generally hold the view that the DCF should become the primary venue for global dialogue and policy review on aid issues. The universal legitimacy of the DCF provides the Forum with a comparative advantage vis-à-vis other related processes to address contentious issues such as those relating to the aid architecture. The DCF is also well-placed to help ensure that issues not dealt with adequately in the Paris process, e.g. aid allocation, policy conditionality and untying of aid, are comprehensively discussed.

In this regard, participants in the *Civil Society Segment* made the following recommendations:

- (a) The DCF should serve as a multi-stakeholder forum involving governments (including local governments), parliaments, civil society and other relevant actors in development cooperation. Stakeholders should actively participate in DCF-related consultations and adequate funding should be provided to facilitate such participation;

- (b) Discussions on development cooperation in the DCF should be anchored in the normative United Nations development agenda, including on issues such as gender equality, human rights, environmental sustainability and labour standards;
- (c) In becoming a leading multilateral forum for global dialogue and policy review on development cooperation, the DCF should:
 - (i) Aim to set the agenda on aid effectiveness;
 - (ii) Assume some of the current roles of OECD/DAC, including co-hosting the 2011 High-level Forum on Aid Effectiveness;
 - (iii) Complement the existing structures of OECD/DAC and the Monterrey follow-up process, with development cooperation and development effectiveness as its core mandate and with a remit to resolve issues of policy coherence between those dealing with aid and those focusing on other aspects of development; and
 - (iv) Produce meaningful outcomes endorsed by Member States at high political level.

C. Local and regional authorities

Strengthening of decentralization has been a major focus of governance reform in developed and developing countries alike in recent years. One outgrowth of this trend has been the increased role of local governments in development cooperation. Local and regional authorities are viewed as having comparative advantage in mobilizing people including the most impoverished with the aim of strengthening democratic ownership and promoting enhanced equity in aid delivery. Local and regional authorities can also manage aid programmes, especially those aimed at improving service delivery and fostering sustainable development for the realization of the MDGs, in a highly flexible manner.

National development strategies and development aid

Decentralized cooperation should be aligned with national development strategies as other forms of development cooperation. Enhanced dialogue between central and local governments on development cooperation issues can contribute to such alignment. Local authorities should also be invited to participate in the formulation, implementation, monitoring and evaluation of national development strategies. Aid policies of central governments and donors should similarly promote alignment of decentralized cooperation with national development strategies in programme countries. In addition, the exchange of experiences and good practices of local governments in this area should be further strengthened, e.g. through South-South cooperation.

The alignment of decentralized cooperation with national development strategies can also be promoted through capacity-building of local governments. This effort could include the

mobilization of local, national and global organizations such as UCLG, with a view of promoting long-term partnership between relevant actors in this area.

Policy conditionality and tied aid

Despite playing a significant role in development cooperation at the country-level, local authorities have so far not been a formal participant in national and global policy dialogue in this area, e.g. in the context of the Paris Declaration on Aid Effectiveness. This limited involvement in national and global dialogue on development cooperation has meant that local authorities have not been able to influence policies dealing with issues such as policy conditionality and tied aid. It was also felt that the global debate on aid effectiveness should treat good governance as a cross-cutting issue in the same manner as gender equality, respect for human rights and environmental protection. The quality of governance should therefore be one of the criteria in the allocation of aid, but not the only one. The untying of aid was also strongly recommended, particularly with respect to technical assistance in order to further bolster local capacity-building in programme countries.

Selection of aid modalities

It was proposed that at least 20 per cent of international aid flows, preferably in the form of budgetary and sector-wide support, should be channeled through local and regional authorities, as part of strengthening governance reform and decentralization processes in developing countries. It was also felt that local authorities could play an increasingly important monitoring and evaluation role in development cooperation at the country-level.

Plenary discussions

At the outset of the second day, the three segments reported back to the plenary on the main conclusions of their deliberations, followed by general discussion on how these actors could play a more effective role in international development cooperation. Below is a brief summary of the plenary discussion.

Institutionalizing multi-stakeholder dialogue

There was consensus that multi-stakeholder dialogue on development cooperation should be further institutionalized at the national and global level. Such dialogue already takes place in various other areas of development. Although consultative group meetings and roundtables on development cooperation are a regular feature in some programme countries and other initiatives such as the Helsinki process on globalization and democracy promote the engagement of civil society at the global level, it was acknowledged that multi-stakeholder dialogue on aid issues needs further strengthening. The convening of the Rome Stakeholder Forum, under the aegis of the Development Cooperation Forum of ECOSOC, was seen as an important step in that direction.

Strengthening oversight and accountability

Greater emphasis on parliamentary oversight of development cooperation will require strengthening the capacities of legislators to conduct financial analysis and scrutinize budgets. Resources for such capacity building, however, are rarely available from donors. Parliamentarians and civil society also need better and more accessible information on aid flows, including grants and loans in order to perform effective oversight. Strengthening central statistical bureaus was thus considered essential in ensuring better oversight by legislators and civil society actors of aid delivery. Furthermore, better cooperation between the legislative and executive branches, especially with finance ministries, is critical in this regard, particularly in cases where parliaments are ill-equipped to provide effective budget monitoring and oversight. Moreover, enhanced use of parliamentary hearings and participatory evaluation mechanisms could promote greater engagement of stakeholders in the monitoring and evaluation of aid delivery at the country-level.

It was highlighted that mutual accountability is by definition multi-dimensional. For governments in donor countries this typically implies accountability to citizens, but should also include governments in programme countries as well as beneficiaries themselves. On the other hand, the accountability of CSOs in development cooperation is less clear. For example, to whom are CSOs accountable when aid is channeled through them by donors? It was recognized that while an international accountability charter for civil society organizations was launched in June 2006, it is not always possible to abide by it since governance structures of CSOs vary considerably. It was also noted that the accountability of CSOs is primarily to their members while media scrutiny can facilitate greater accountability to the broader society.

Enhancing ownership of stakeholders

Both programme countries and civil society have frequently criticized in various forums the use of policy conditionality and tied aid. It was pointed out that withholding aid when conditions are not met, has often the biggest impact on poor people who have limited influence on government policies. A balance has therefore to be struck between aid effectiveness goals and the role of donors, programme countries and other actors in promoting the realization of basic human rights.

Clear distinction should also be made between detailed political conditionality undermining the sovereignty of programme countries and conditions mutually agreed upon in a “development cooperation contract”. In the latter, conditionality is understood to be part of a negotiation process in the context of a development partnership. Policy conditionality should also be transparent and discussed between the executive and legislative branches, local governments and civil society. It was furthermore highlighted that the practice of conditionality has evolved over time with donors increasingly shifting aid allocation towards focusing on building local capacity in programme countries for more effective governance.

Delivering quality aid

General budget support, the preferred aid modality of most governments in developing countries, currently only accounts for about 10 per cent of overall ODA as mentioned earlier. This share needs to be increased significantly through reform of aid allocation practices. Such reform should also help ensure that the selection of aid modalities is primarily driven by the needs and capacities of individual programme countries.

While general budget support is widely preferred by programme countries, it is also recognized that other aid modalities are still needed in certain circumstances, including project financing. Several factors were mentioned in this regard:

- (a) General budget support may not be feasible in countries where capacities for proper budgeting are weak and governments have difficulties producing medium-term expenditure frameworks;
- (b) Governments in donor countries generally have limited authority from legislative bodies to enter into multi-year funding commitments, making aid flows highly unpredictable and adversely affecting budget preparations in programme countries; and
- (c) Since general budget support is expected to continue to account for a relatively small share of aid flows in the near-term, efforts should be redoubled to include all other sources of funding in the budget in order to enable parliaments to exercise more effective oversight of development cooperation.

Added value of the DCF

The overriding objective of the DCF is to enhance the effectiveness and coherence of international development cooperation through the promotion of multi-stakeholder dialogue on major issues. The comparative advantage of the DCF vis-à-vis related processes is primarily its democratic legitimacy, which enables the Forum to forge consensus among stakeholders on policy issues and to promote mutual accountability.

The fact that deliberations in the DCF will not result in a negotiated outcome should allow the Forum to promote transparent and open discussions on contentious issues such as policy conditionality and tied aid, while offering positive and creative solutions to address them. The DCF is also expected to place aid effectiveness within the framework of the global development agenda.

Conclusions

In his concluding remarks, **Sha Zukang**, Under-Secretary-General of UNDESA emphasized that broad participation of all key stakeholders is critical if the Development Cooperation Forum is to strengthen the effectiveness and coherence of international development cooperation. The ability

of the DCF to inform global policy-making at present is first and foremost underpinned by its democratic legitimacy.

Enzo Scotti, Under-Secretary of State for Foreign Affairs, Italy, highlighted the value of the DCF as a mechanism to strengthen the role of ECOSOC in coordinating the work of the United Nations development system as well as in promoting more coherent multilateral cooperation for the achievement of the MDGs. The Forum could also forge a consensus among all stakeholders on the conceptual framework for aid effectiveness.

Participants were reminded that the achievement of the MDGs calls for sustained long-term effort of all development actors, especially against the backdrop of new global challenges such as climate change, food crisis and soaring energy prices. The quality and effectiveness of aid is critical in achieving sustainable development results. This will require enhanced commitment of all stakeholders to reduce fragmentation in development cooperation at all levels.

Under-Secretary of State Scotti also stressed that it is necessary to recognize the role of civil society as a key partner in enhancing aid quality and achieving sustained development results and social change. Such engagement can help ensure broad-based participation in the development process, including that of women and socially excluded groups. It is also important to recognize the potential of local governments in enhancing the quality and effectiveness of aid delivery since they can foster active participation of local communities in such processes. Furthermore, the critical role of parliaments in providing oversight of the use of fiscal resources, including the management of debt, for the attainment of national and global development goals, should not be overlooked.

Key policy messages

Below are key policy messages of the Rome Stakeholder Forum:

1. Parliaments, local governments and civil society organizations can make a major contribution to enhanced aid quality and effectiveness by strengthening their collaboration at the national and global level;
2. Strengthening of national ownership in development cooperation requires more active involvement of beneficiaries in decision-making processes. This calls for strengthened engagement of parliamentarians, local governments and civil society representatives in national and global dialogue on development cooperation;
3. National development strategies are only effective if owned by all major stakeholders. Parliamentarians, local governments and civil society should be involved in the formulation, implementation and monitoring of such strategies;

4. Better oversight of aid quality and effectiveness at the country-level requires enhanced capacity building of key stakeholders such as parliamentarians and civil society;
5. Transparent access by all relevant stakeholders to information from both donor and programme countries is an essential prerequisite for the strengthening of the development compact and democratic ownership in development cooperation;
6. Policy conditionality and tied aid hinder democratic ownership and development effectiveness. In those instances when conditions are applied they should always be derived from a broadly-owned national development strategy. The responsibilities and commitments of both donors and programme countries should be clearly set-out in transparent aid compacts premised on mutually agreed values such as accountability and sovereignty;
7. Accountability is multidimensional. Governments in donor countries are accountable to their own citizens on one hand, and to governments and beneficiaries in programme countries on the other. Effective accountability mechanisms should also be developed for CSOs;
8. The most important criteria in the selection of aid modalities should be effectiveness in meeting the needs of beneficiaries. General budget support, in principle, is preferred because it strengthens country ownership and promotes enhanced oversight, but it remains a small share of overall aid flows. Project support may be useful in circumstances where budget processes are undeveloped, or as means to address specific development needs. All aid and loans by donors should be included in the budget and subject to parliamentary oversight;
9. The DCF is well-positioned to become a leading global forum for multi-stakeholder dialogue and policy review on development cooperation. The DCF should aim to set the agenda for aid effectiveness by ensuring, inter alia, that issues neglected in the Paris Declaration on Aid Effectiveness are adequately discussed by all stakeholders at the global level. The DCF can also promote enhanced coherence of aid with policies in other areas impacting development in developing countries.