



Senior Officials Workshop on Preparation for Accra High Level Forum on Aid Effectiveness (Facilitated by ODI)

Marlborough House, London, 23-24 June 2008

SUMMARY REPORT

1. Background

Aid is not the only – or even the most important – instrument of for promoting development results. But there is a broad consensus that aid will remain a component of the financing required for reaching the MDGs for many countries, especially for those countries for whom progress towards the MDGs has been slow.

To that extent, working to ensure the effectiveness of the aid which is provided is an effort which the international community should make. The challenges to improving that effectiveness are considerable. In particular, the aid system is changing as new sources of financing become available. These new sources are bringing with them new global aid institutions, instruments and objectives which are impacting on the national level. The resulting proliferation and fragmentation of aid delivery is leading to increased transaction costs for all concerned and therefore reducing the effectiveness of aid overall.

The consensus that more should be done to promote aid effectiveness led to the outcome from the Paris Declaration which emerged from the Aid Effectiveness Summit in 2005. This set out an agreed framework for improvement aid effectiveness. The planned summit for the review of the Declaration takes place in Accra, September 2008.

Implementing the Paris Declaration should improve aid effectiveness and these are worth pursuing. But it will not be enough. The challenge will be to use the ongoing process, through Accra and beyond, to advance aid effectiveness principles and promote better behaviour from all actors within the aid system. The political nature of the Accra process should be leveraged to maximise that.

The purpose of the workshop

The Commonwealth is a family of nations with a history of building consensus around challenging issues. With this in mind the Commonwealth Secretariat organised a workshop for participants, mainly from Ministries of Finance from Commonwealth countries in order to:

- Deepen the understanding of delegates about HLF3 in Accra;

- Signal the importance the Commonwealth attaches to aid effectiveness;
- Provide a channel for Commonwealth concerns and priorities to ensure that they are heard and acted upon;
- Provide a forum for participants to share experiences about what works and what doesn't; and
- Discuss the potential role of the Commonwealth in the Paris process.

This brief report summarises the presentations and proceedings for the benefit of all Commonwealth members. This summary is not an agreed position of the Commonwealth, but the information should assist members in their consideration of the issues in the run up to the Accra meeting.

Section 2 describes the process so far, and what remains to be done in preparing for the HLF3 in Accra. Section 3 assesses the process for developing the agenda for HLF3 and the content of the discussions and final outcome document, the Accra Agenda for Action (AAA). Section 4 looks at the role of the Commonwealth in the process.

A paper was prepared for the participants at the workshop by the Overseas Development Institute, UK, and the Centre for Policy Dialogue, Bangladesh. This was called *Accra High Level Forum 2008: Towards a Commonwealth Agenda on Aid Effectiveness*. This paper and the key presentations at the workshop are available from Simon Burall from the Overseas Development Institute (s.burall@odi.org.uk).

2. What will Happen Between Now and HLF3 Accra?

This section summarise presentations by a representative from the DAC and the authors of the background paper about the process leading up to the Accra meeting.

What is the third High Level Forum?

HLF3, which takes place in Accra, Ghana from the 2nd – 4th September 2008, is a high-level political process. It is a mid-term stocktaking of progress towards the commitments laid out in the 2005 Paris Declaration (PD). Beyond the mid-term review of progress, HLF3 will identify key blocks to further progress as well as a series of priority actions to accelerate the achievement of the targets. 100 countries and between 800 – 1000 individuals are expected to attend. There will be strong civil society engagement, including a meeting in Accra just prior to the official event. The final outcome from HLF3 will be the politically negotiated AAA.

The DAC has attempted to consult widely on the agenda and objectives for HLF3, including a series of regional consultations.¹ Civil society has organised parallel events to feed into the process.²

There are three elements to the HLF3:

- 9 roundtables focusing on key issues raised during the regional consultations (see Appendix 1 for a full list of the roundtables);

¹ For a more in-depth description of the consultation process see the DAC presentation to the workshop called *The Road to Accra*

² For more information about the civil society processes visit www.betteraid.org

- A marketplace where countries and donors are invited to display posters highlighting good practice. A speakers corner will be organised where brief presentations can be made; and
- The Ministerial plenary where the AAA will be finalised.

The OECD DAC, individual donors (and a very few partner countries) have commissioned a large number of studies for HLF3. Most of these will be circulated before September. There are also three key documents feeding into HLF3:

- The 2008 Paris Monitoring Report;
- The Evaluation Report³; and
- The Progress Report which is synthesising the results of all of the other studies into one short document.

The Accra Agenda for Action

The AAA is intended to be a political, ministerial, statement, with a small set of concrete actions. It will focus on addressing the constraints to achieving Paris Declaration commitments agreed in 2005. In addition, it will respond to a series of issues which have emerged from the regional consultations (see below). Finally it is intended to set the future direction for discussions on aid effectiveness.

The first draft of the AAA was released on the 18th March 2008.⁴ The penultimate draft was due to be released on the 25th June⁵. This draft will be discussed by the DAC's Working Party on Aid Effectiveness on the **9 – 10 July**. The final draft is expected to be published on the **20th July**⁶ for endorsement at HLF3. For a summary of the discussion at the workshop about the AAA, see section 3.

It is important to note that final endorsement at HLF3 will be by silent consent at the Ministerial session on the **4th September**. If countries do not raise objections they will be considered to have endorsed the declaration. The final deadline for objections is the **15th August**.

Emerging issues

Seven issues have emerged from the DAC's consultations with partners and civil society. These have been identified as critical issues for partners and will be addressed during the roundtable discussions. The issues are:

- Untying;
- Conditionality;
- Predictability;
- Division of Labour;
- Incentives;
- Capacity Development; and

³ This was released just after the Commonwealth workshop and can be found at http://www.oecd.org/document/60/0,3343,en_21571361_34047972_38242748_1_1_1_1,00.html

⁴ All drafts will be available upon release from www.accrahlhf.net

⁵ It was released on the 30th June and can be found here:

<http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1205870632880/AAA-27-June-2008.pdf>

⁶ Though the published timetable appears to be subject to significant slippage

- Three cross cutting issues: human rights, environment, and gender.

These are mainly issues aimed at sharpening the impact of the Paris Declaration, especially on the part of donors. This set of priorities is consistent with the feedback provided by the participants.

3. *Assessing the Process and Content of HLF3*

This section summarises and synthesises the major points from the discussions across the full workshop.

The Paris and HLF3 process

One key point which was stressed at the outset and remained a theme for the workshop was that the Accra meeting is one milestone in a longer term, and ongoing process. This should shape the approach to the meeting. First, it is not the final opportunity to reshaping the Paris Declaration and enhancing its implementation. Secondly, it is important to recognise that the declaration itself emerged from a specific context. The PD was the result of a focus on aid effectiveness in response to the failure of aid to deliver significant poverty reduction gains during the period of structural adjustment. In the same way as that context shaped the content of the declaration, so its relatively narrow focus might not fully reflect the current understanding of aid effectiveness.

As well as this medium term perspective, Accra also fits into the series of events in 2008 focusing on development and development results. The UN Development Cooperation Forum, which will discuss the PD and wider aid effectiveness issues took place, 30th June and 1st July. The UN will hold the MDG review summit in September 2008, and finally the next Financing for Development conference (FfD) will take place in Doha at the very end of November.

This places the Accra meeting in the wider context of the full range of development cooperation and participants in the process leading up to Accra must see it in the broader context and link discussions to trade, aid for trade, FfD and wider discussions about the MDGs and broader development.

The second widely shared point was that the Paris Declaration's emphasis on aid effectiveness indicators and principles (though these are important) is only an intermediate goal. Development effectiveness – that is impact on the ground – should be the outcome of the process. This wider concern should encompass economic growth, not just social indicators. Equally, the value of the forthcoming meeting lies in the political input and focus it can give to aid effectiveness; it is not technical negotiating forum.

A third major point highlighted by participants was that the level of participation of partner governments and civil society in the global aid debate has been traditionally very low. While many acknowledged that the OECD/DAC has undergone a very extensive consultation in the run-up to HLF3, and in many ways unprecedented for the DAC, there is still a participation deficit in terms of substantive input and impact on the research and the outcomes from HLF3. It was further noted that although the involvement of national governments is critical, this must be broadened out to include civil society which is in many ways a real ally on a number of key issues

within the discussions. Partner governments must now find ways to broaden the debate about HLF3 beyond the Ministry of Finance, across government and into civil society.

Progress towards Paris

Participants made a number of comments in relation to the progress which is being made towards the Paris targets and commitments.

The key recurring theme in this area lay in the asymmetry between donors and partners. The strong feeling was that the targets and indicators were both better defined and more fully delivered by partner countries, than donors. One example was in relation to strengthening of country procurement systems. Even when systems are strengthened, donors are unwilling to use them for global procurement. This led some to question the value of the Paris commitments and the good faith of donors.

To an extent this asymmetry is inherent in the system. The achievement of the development which would signal aid effectiveness is more important politically and practically to partner countries than to donor countries. The result is that donors and their agents are not sacked in the event of the ineffectiveness of aid (or the failure to adhere to the intermediate targets of aid effectiveness), yet governments lose power at elections when aid is ineffective, for whatever reason. Participants emphasised that mutual accountability requires ownership, evidence and debate, only when all are present can the trust which is essential to the process be generated. Of concern was that many reported that this trust was lacking. One participant gave the example of a national level aid database that should help improve access to donor information, yet donors do not use it despite proactive senior level government engagement with donors on the issue. But it was observed that the evidence, analysis and policy recommendations are thinnest in relation to mutual accountability. The question is how this political issue will be handled in Accra.

A further question was raised regarding the level at which we should be seeking accountability, and which actors should be accountable to which. The aid relationship is primarily an intergovernmental one, and so the primary accountability relationship should be between governments, but partners will not be able to enforce commitments individually with multiple donors, hence the mutual accountability concept; though there is the danger that it will push donors into a cartel and increase their power in relation to partners.

Nevertheless, there are opportunities. A number of countries were able to point to how the PD has provided a framework within which they are able to take action at a national level to move the aid effectiveness debate forwards. This is true both in countries which have signed the declaration as well as those that have not.

Equally, for the first time we have a document that places responsibilities on donors as well as partners. It is important therefore to try to meet PD commitments in order to demonstrate to donors that partners are committed and then to call their bluff if they are not willing to commit. In that regard, it will be important to read the study of progress made by eleven donors which has been commissioned for HLF3.

Participants also highlighted the issue that different countries have conceptualised and understood the definitions of key terms within the PD very differently. This is partly because country context is important for understanding how to implement the principles, but it can also mean that the measurement of progress is not valid, rather donors can adapt the definitions for political reasons to improve how the survey assesses their progress.

Moving beyond Paris

Beyond the issues that have emerged from the regional consultations, a number of issues were identified as not being covered by the commitments within the PD. The question was raised as to how these issues might be addressed through the Paris process and beyond. The missing issues identified were that:

- Volumes of disbursement remain well below the 0.7% commitment by donors and there is no evidence that levels will rise as promised;
- Aid is not allocated on the basis of need either at the country level or at the sector level;
- The share of bilateral aid remains stubbornly higher than the multilateral share, yet political considerations are amongst the primary drivers of bilateral allocation decisions;
- The increasing fragmentation and concentration, particularly in sectors such as health and education, is increasing transaction costs and further reducing partner government capacity; and
- The changing way that aid is delivered is creating problems at the national level. For example, the broadly welcome move towards programme based aid risks under-mining attempts to integrate cross-cutting issues. The continued creation of vertical funds can distort national priorities and ownership.

After a presentation on gender and the PD a number of people commented on the extent to which cross-cutting issues can and should be included within the Paris process. There is a balance to be struck. There is a risk in overloading the PD since a proliferation of targets can be used as an excuse by some actors for general. The cross cutting issues should be reflected to the extent that they are directly relevant to the aims of improving aid effectiveness, but it is important to avoid creating parallel processes competing with existing international processes or to provide opportunities to increase and widen the scope of conditionality around, for example, environment or human rights.

The question was raised as to whether Commonwealth countries should endorse the AAA. One view held that the Paris Declaration was fundamentally flawed and strengthened the power of donors over partners. There was concern that it was being used to lever changes in partner countries which had been resisted successfully in other fora (such as procurement in the WTO for example). Holders of this view urged caution, fearing the multilateralising and legitimating of a fundamentally unbalanced process, especially given the aim of DAC aims to have the AAA endorsed at FfD and bring it within the UN system.

A number of participants echoed these concerns, but in the end there appeared to be broad agreement that despite its faults and the flaws in the process the gains from the Paris process and HLF3 probably outweigh the flaws if the AAA can be

strengthened and improved. Discussion then centred on how the 'reformist' agenda could be pursued. Engaging civil society will be one part of the solution, but also identifying other groupings, such as the G77 and regional organisations that can lend a collective voice to the demands for changes to the AAA and process. Again the point was made that Accra is part of a process and should not be seen as the end point.

Key challenges

Participants noted a number of key challenges which are slowing progress towards the Paris Declaration.

Lack of capacity within partner governments to implement the PD is a key constraint. But capacity is not just lacking on the partner side, donors too lack capacity to implement their commitments and there was a lack of devolved authority to in country officers. The monitoring process too was highlighted as requiring considerable capacity from both donors and partners as a result of the high transaction costs.

Emphasising the issues that donors have with using country procurement systems, a number of comments were made that donors are not moving fast towards aligning more generally with country systems. One challenge highlighted was the disconnect between HQ rhetoric and policies feeding through to lack of action on the ground.

The concern was raised that new mechanisms for implementing the mutual accountability commitment could undermine domestic accountability structures such as parliament. Would it not be better, it was asked, to use these domestic structures for mutual accountability?

4. *The Role of the Commonwealth in Relation to the Paris Process*

It was agreed that the Commonwealth could have a key role to play in building consensus about ways forwards in the aid effectiveness debate. The organisation's 53 members make-up a diverse community, but this is a microcosm of the global community and if dialogue and consensus can be built within the Commonwealth then it will assist dialogue at the global level.

The prime purpose of the workshop was to equip participants for the upcoming HLF3. Some suggestions for Commonwealth activity were proposed:

- The Commonwealth could help to convene the partner country caucus before the meeting of the Working Party on Aid Effectiveness in July. This is usually poorly attended, but could be one way to develop and provide a collective voice on reforming the AAA; and
- The Commonwealth could also follow-up with the Accra Contact Group with the results from this meeting in order to develop a larger collective voice in relation to the AAA.

In addition, a number of longer term initiatives were identified for the Commonwealth in relation to the aid effectiveness agenda:

- The question was raised as to whether the aid relationship is better between Commonwealth donors and partners. If the answer is no, then the organisation offers a good venue for moving forwards political commitment to improving aid effectiveness;
- The Commonwealth should build on its network and find ways to share best practice and learning; and
- Consider regional rather than global consultations on these issues as a way of engaging more people and leveraging regional Commonwealth donor support;
- Develop the agenda between 2008 and 2011 by cataloguing thoughts about how to improve the PD and circulating a proposed very early draft of the outcome document from the 2011 summit in order to help to set the terms of the debate.

Simon Burall
30 June 2008

5. Appendix 1

List of Roundtables

Roundtable 1: Country ownership

Roundtable 2: Alignment: country systems, predictability

Roundtable 3: Harmonisation- complementarity

Roundtable 4: Results & impacts

Roundtable 5: Mutual accountability

Roundtable 6: Civil society & aid effectiveness

Roundtable 7: Situations of fragility & conflicts

Roundtable 8: Sector applications (health, education, infrastructure...)

Roundtable 9: Aid architecture