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Working Party on Aid Effectiveness and Donor Practices

DRAFT CONCEPT NOTE FOR THE ACCRA HIGH LEVEL FORUM ON AID EFFECTIVENESS

9TH MEETING, 8-9 MARCH 2007

This document was prepared by the World Bank building on initial discussions with the WP-EFF Bureau and the HLF-3 Steering Committee. It is submitted as the main guide for DISCUSSION on the emerging outlook for the Accra High Level Forum.

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DRAFT CONCEPT NOTE

The Accra High-Level Forum on Aid Effectiveness: Assessing Progress and Deepening Implementation

I. Introduction

1. This note is intended to provide a basis for discussion of key issues for preparing the Accra High-Level Forum (HLF3) in 2008. The note has been drafted by the World Bank, building on several initial discussions about HLF3 within the DAC Secretariat, within the Bank, with the Bureau of the Working Party, and with Ghanaian authorities in Accra. It was then discussed at the first meeting of the Third HLF Steering Committee held in Paris on January 18, and the current draft reflects that discussion (see attached Summary), as well as brings in key perspectives from the Hanoi Roundtable on Results. The note covers a wide range of topics, including the global environment for aid effectiveness, key considerations in planning for a focused agenda for a high level event, a menu of possible agenda issues, the proposed organizational structure for Accra, and preparatory steps that need to be taken. The note remains as a platform to elicit ideas, scope issues, frame discussions, build consensus, and facilitate decision taking as the planning process evolves, while keeping a clear focus on defined and shared objectives for the HLF.

II. Background

2. The Accra HLF will build on several previous high level international meetings. The Rome HLF spotlighted the issue of harmonization and alignment as a major development issue and gave international legitimacy to the good practice principles for harmonization and alignment. The 2004 Marrakech Roundtable focused on the need to manage for results if development assistance is to yield measurable development outcomes. The “Paris Declaration” of the Paris HLF in 2005, has been endorsed by nearly 100 signatories—partner governments, bilateral and multilateral donor agencies, regional development banks, and international agencies. The discussions which recently took place at the February 2007 Hanoi Roundtable were rich, and some of the excellent ideas relating to formalizing mutual accountability processes, promoting country-based joint/independent reviews, widening circles of communities of practice, action plans prepared by partner countries and the identified actions to be addressed by donors, are highly relevant to the focus on aid effectiveness and results in the Paris Declaration and will benefit from follow-up at the Accra Forum.

3. **Paris Declaration.** The Paris Declaration has set a clear international medium-term agenda on aid effectiveness that operationalizes good practice principles of ownership, alignment, harmonization, results and accountability. The operational impact of its mutual commitments and principles is strengthened by its agreed indicators, quantitative targets, and a monitoring process. The first Progress Report on implementation, with emphasis on the 12 indicators, was presented to the DAC Senior Level Meeting last December. It struck an appropriately balanced tone, dealt frankly with ongoing implementation challenges, and recognized that changing aid delivery and management practices entails costs for donors (and needs to be budgeted) but unless investment is made in these new procedures and practices, aid effectiveness cannot improve. By the time of HLF3, more country-level monitoring processes and self-reporting by donors are expected to be in place, and it should be possible to judge what progress has been made against the indicators and targets, in which countries such progress is being made, and what the underlying reasons are for good, slow, or no progress. The Accra Forum, in contrast to the Rome and Paris HLFs, will therefore be closely informed by country-level data and information, collected and analyzed through an internationally agreed process, on what has worked, what has not, and why.

4. ***Global Environment for Aid Effectiveness.*** According to the DAC, total aid flows reached record levels in 2005. However, when exceptional components such as debt relief (mostly for Nigeria and Iraq) and official humanitarian assistance in response to the tsunami are subtracted, aid flows to Sub-Saharan Africa had actually stalled. At the 2005 Gleneagles Summit, the G-8 leaders committed to double aid to Africa from \$25 billion in 2004 to \$50 billion in 2010; if this commitment is to be met, a major expansion of financing of country development programs will be required in the coming years. At the same time, new sources of development financing are gaining importance. Financing from a broad range of corporate and private sources and foundations such as the Gates Foundation, is already large and is expected to increase several fold in the coming years. Development assistance being delivered from these new sources of financing are relying heavily on vertical programs, and other delivery channels using programs and procedures that are not necessarily yet in line with the principles and good practices being promoted in the Paris Declaration. In addition, non-DAC donors—for example, China, India, new members of the European Community such as the Czech Republic, and other middle-income countries such as Korea and Thailand—are playing an increasing role in providing concessional aid flows. They have not yet been fully engaged in the global dialogue on aid effectiveness, and their aid is often provided in ways not consistent with the Paris agenda. These changes in the global aid architecture are presenting the aid effectiveness agenda with challenges, risks of further fragmentation, opportunities, and expectations for concrete solutions that will need to be addressed in Accra.

III. Some Key Considerations

5. As the Paris Declaration specified, a central purpose of HLF3 will be to take stock, review progress, and address weaknesses in implementing the Paris Declaration commitments as a whole. The preparatory process should help identify a limited set of issues on which more work and additional high level attention is warranted, without amending or renegotiating the Declaration itself. HLF3 is being designed as a *high-level* event—that is, one involving ministers, senior officials of countries, and heads of bilateral, regional, and multilateral institutions—where it is expected that specific actions will be endorsed and decisions taken on policy issues. Therefore the planning process should carefully reflect on the content, issues, and discussions that are important to such senior officials, and on the decisions through which they can move the aid effectiveness agenda.

6. ***Central Focus.*** To ensure that the Accra Forum does not become too unwieldy or diffused, difficult choices among competing issues will need to be made, guided by the following key considerations:

- Don't reinvent the wheel. The Paris Declaration already provides an agreed analytical framework, and a set of principles and commitments. The substantial additional information available should be used to address weaknesses as necessary and reinforce the agreed framework.
- Focus on ownership, harmonization, alignment, managing for development results, and mutual accountability issues relating to aid effectiveness that can be effectively promoted and facilitated to achieve concrete progress at the level of countries, and of donor capitals and headquarters.
- Anchor the Accra agenda in the country-led, donor-supported development approach to aid effectiveness adopted in the Paris Declaration, with its focus on the growth and poverty reduction process.
- Give ample voice to partner countries to underline the importance of their leadership in managing aid at the country level as well as to articulate behavior changes necessary to improve aid effectiveness.

- Look ahead to meeting the targets set for 2010, share and discuss good practices being developed, especially among partner countries, and agree on actions to address the constraints to progress identified in the course of the monitoring process.
- Build on the Paris Declaration by addressing and articulating the way forward on complementary issues such as aid architecture, the role of emerging donors, country/sectoral selectivity, complementarity, and approaches to better integrate vertical funds.
- It is the combination of taking actions to accelerate progress on the Paris Declaration, and addressing these newer issues that are likely to attract the participation and support of Ministers and Heads of bilateral agencies, and of IFIs.
- Draw on existing work on good practice in aid conditionality, and assess how they are being applied in country programs.
- Keep sufficient flexibility, given the long lead time, to consider other issues that may arise closer to the forum, especially those emerging from the second phase of the monitoring exercise in 2008.

IV. Accra Agenda.

7. *Core elements.* The set of issues above makes for a very broad agenda, with a resultant need for selectivity. The following section lays out some of these issues in more detail for consideration at Accra. As discussed below, a key element of design, on which the Steering Committee should decide by the next meeting, is whether to have a day of high level round tables (as was the case at the Paris HLF). Among the issues that have been suggested for Accra, the following, some of which are linked, seem pertinent for consideration as core elements.

- Progress and problems to date in implementing the Paris Declaration:
 - Where is the development community in meeting the Paris commitments and what is the additional effort needed to deepen implementation?
 - Broadening participation of aid-receiving countries, donors, regional institutions, organizations that provide development assistance, in the Paris Framework¹
 - This includes strengthening country ownership, leadership, and aid management capacity, including in line Ministries, so that they are better enabled to undertake the Paris Declaration commitments.
 - Untying Aid, including through providing more flexibility for local procurement
 - What have we learned from scaling up aid effectiveness and volume through results-oriented PRS reviews and on Results and Resources (Consultative Group) processes?
 - What progress is being made to integrate aid effectiveness plans and actions (on harmonization, alignment, results, capacity strengthening, mutual accountability, etc.) into country poverty reduction strategies and sector strategies?
 - How should the extensive work on capacity development that is ongoing, including at the DAC, be brought to bear on key elements of aid effectiveness.

¹ A related question for the Steering Committee, in preparation for Accra, although not for its agenda, is how to enlarge the number of countries where data are collected (and enlarge the number of countries participating in the HLF).

- What are the dos and don'ts in planning and implementing joint assistance strategies?
- What have we learned from recent efforts to improve predictability of aid disbursement and what actions are needed to improve this further?
- How might the communities of practice for results which are proving to be effective for learning, knowledge sharing, and dissemination of implementation experience be adopted as a learning tool and to deepen implementation across a broad range of Paris Declaration issues in the lead up to Accra?
- How best to address strengthening capacity for aid data management in the context of greater emphasis being placed on building statistical capacity to improve aid effectiveness and managing for results?
- Aid architecture and its implementation:
 - Linking scaling up of aid volume to aid effectiveness, a pressing issue since meeting Monterrey-related commitments will require more substantial increases in cash outlays (with a reduced role for debt relief) and therefore more convincing evidence of aid effectiveness.
 - Donor division of labor and complementarity at country level (selectivity and delegated cooperation.) and sector levels. Can greater alignment of aid with country priorities and greater sector selectivity be achieved through joint programming exercises?
 - Emerging donors: Addressing the role of emerging official donors, private foundations and other corporate financing sources in the international aid architecture and their contribution to aid effectiveness; how can / should they be integrated into the Paris Agenda?
 - South-South Learning: South-South learning needs to be more systematically promoted and supported given the role of emerging donors as well as the different levels of progress in implementing Paris commitments among partner countries.
 - Global programs: building support for the good practice principles (“guidance”) in global programs, including the pressing need for more selectivity in the introduction of new global programs, integration of these programs at the country level, and complementarity with other development programs
- Addressing selected sectoral and cross-sectoral issues:
 - Using health, and to some extent education, as “tracer” sectors to both learn from and more importantly promote greater implementation progress. This could have significant impact on achievement of the MDGs. It implies an action agenda, based on country case studies, articulation of what is needed before and at Accra to better align and harmonize support for health and education.
 - Building on the progress made at the Hanoi Managing for Results Roundtable, and taking forward some of its actionable elements..
 - Integrating governance, including anticorruption, and strengthening accountable institutions, into implementation of the Paris agenda at the country level.
 - Gauging progress, identifying constraints and agreeing on actions to take forward use of strengthened country systems (for example but not limited to financial management, project management, procurement, results, environmental safeguards).

- Challenges and opportunities to apply Paris principles to other cross cutting issues (gender, human rights, environment, governance) in country programs, and in harmonizing legal policies, practices, and documentation in collaborative programs.
- Extending the focus to fragile states, MICs, specific aid areas, and CSOs:
 - Issues in applying the Paris agenda to fragile states, taking full account of the DAC principles.
 - Issues in applying the Paris agenda to middle-income countries
 - Issues in applying the Paris principles to emergency and humanitarian aid, aid for trade growth, environment, gender, and infrastructure.
 - The appropriate role for Civil Society and CSOs in implementing their own harmonization, alignment, and broader aid effectiveness actions.

8. ***Complementary issues of aid effectiveness.*** As discussed above, in addition to stock taking and reporting and assessing progress on the above issues that have arisen in the context of implementing and monitoring the Paris Declaration, the Steering Committee will need to select a limited set of issues which are central to improving aid effectiveness and would benefit from the political spotlight and peer pressure generated by the Forum. These issues can be selected from the above list but need not be strictly limited to it. These are by nature issues on which further work will be needed and where there is not yet clear consensus, and which would require high political endorsement. Attention could be given to defining an agenda for action necessary in taking these issues forward, the work that will be involved, who will undertake this work, etc. Critical also will be the consensus building process on these issues, relying on other key international fora—G8, G20, ECOSOC Development Cooperation Forum, Development Committee, OECD Ministerial and DAC High Level Meetings—in the lead up to Accra. Critical also will be to ensure that later fora build upon the preparation for and conclusions agreed in Ghana (e.g., at the Qatar Financing for Development Meeting).

9. An example of one set of complementary issues is an articulation of harmonized and aligned approaches for improved development outcomes in health and education—building on the work on aid effectiveness of the three HLFs on health, the generally positive experience on harmonization and alignment of the Fast Track Initiative in education, and the current strong donor interest in scaling up in both sectors. Using these “tracer” sectors offers a concrete way to see how the Paris agenda, with its focus on aid management issues, applies on the ground at the sectoral level in the effort to meet key MDGs. This would also deal in an operational way with many or most of the issues above, such as global programs, new donors (foundations), governance (including anticorruption, accountability and capacity), managing for results (evidence-based decision making), linking aid effectiveness to scaling up, and progress and challenges on implementation of the Paris agenda to date. And it would give a boost to aid effectiveness in these key sectors. The Steering Committee shares the view that a focus on health and education sectors can facilitate gaining operational insight into a range of questions relevant to Accra, and will look to relevant experts and draw on ongoing work in competent bodies to help identify and manage what might be the key elements in taking this agenda forward, what is the work necessary to define these elements, who will undertake this work, and how can consensus be build on these elements in the coming months. Work along these lines should also be of high value for other sectors.

10. ***A High Level Forum only, or Workshops plus High Level Forum segment.*** As noted, a major decision is required in the near-term on the format of the Accra meeting – e.g., will there be round tables for one or more days followed by a one-day high level forum, or only a high level forum without roundtable sessions. This will influence the agenda and outcome document. Having round tables would permit deepening understanding of key issues to be covered in the plenary as well as drawing links to other

important development issues (such as those noted above) that will not figure on the plenary agenda. The Hanoi Roundtable clearly demonstrated the value of a partner country led approach, providing opportunities for South-South consultation, learning, and exchange of country experiences. This was noted and highly valued by all participants. Furthermore, as part of the objective of the Accra Forum will be to broaden participation by additional partner countries, emerging donors, and other funders, in a common agenda for aid effectiveness, the format followed in Paris and in Hanoi – ie, a several-day event – would appear to be most beneficial to build energy, broaden participation, and deepen ownership.

11. **Preparatory events.** Preparation for the Paris HLF, and for the Hanoi Roundtable, was preceded by a number of country, sub-region and regional meetings. These – Mutual Learning Initiatives, Communities of Practice, and other preparatory meetings – were extremely beneficial in building a consensus for action among likely participants, allow for cross-country learning, and will also push implementation of the aid effectiveness agenda in countries and donors. Near term work needs to be initiated to plan for a similar series of preparatory events for Accra.

12. **Outcome Document.** There will be wide expectations in Accra for results and for commitments for further action. It will be important for the HLF3 to release an outcome document that sums up progress, firmly addresses challenges, lays out an agenda for action on key issues including broadening the agenda as appropriate, signals to the world what kind of progress and decisions the forum made, and also helps participants hold themselves and each other accountable for appropriate follow-up to the HLF. Many stakeholders feel that another Declaration, in addition to the Paris and Rome Declarations, would not be appropriate, since the Paris Declaration sets out commitments and targets to be reached by 2010. A Chair's Summary Statement has been suggested. But since such a document does not reflect collective ownership it risks lower credibility and follow-up than a document showing such collective ownership. There is support in the Steering Committee for a middle ground--an Accra Agenda for Action as an outcome document.

13. The Steering Committee will need to decide on the level of detail, and length envisaged for an Accra Agenda for Action as well as the process outlined below to prepare it. Forging a consensus document that will include commitments to specific actions which address constraints to implementing the Paris Declaration implies that the preparatory process for HLF3 could include even more difficult negotiations than for the Paris Declaration. The draft Agenda for Action would need to be prepared well ahead of the HLF3, discussed at the WP-EFF before the proposed country/regional and other meetings, where it would be fine tuned further following discussions. Ideally, the draft when it arrives at the Forum should be in a good enough shape so that only modest changes, reflecting the issues to be highlighted by the second monitoring round and the discussions at Accra, would be required. The Steering Committee may wish to consider whether a facilitator, working closely with the WP-EFF and the Steering Committee, could be helpful, especially to strengthen partner country ownership during the preparatory process, as well as at the Forum. The challenge will be to use the political impetus of the Accra process and outcome document to spur individual and collective action by political leaders and by “champions” of reform, while minimizing distraction away from the implementation processes that are underway. The Steering Committee should consider how best to address this challenge and in what timeframe.

IV. Preparation Details

14. **Date.** The Government of Ghana has proposed that HLF3 should take place from 4-6th September 2008. It would, however, be important to avoid overlapping with the international meetings that normally take place around this time. The UN General Assembly is typically scheduled on the second Tuesday of September, which would be September 9, 2008 (though at times the meeting has taken place a week later). The projected date for the IMF/World Bank Annual Meetings is October 13, 2008, with pre-

meetings during the several preceding days. The Steering Committee will need to confirm these dates at the next meeting.

15. **Organizing for HLF3.** The organizational structure used for the Paris HLF was widely viewed as effective, and the same structure is agreed for HLF3. Two committees will play a central organizational role.

- A Steering Committee will advise on the content part of the Forum—the concept note and the program—and will also be responsible for preparing the final outcome document. This committee (see annex) will be chaired by Jan Cedergren² in his capacity as chair of WP-EFF; the World Bank will serve as Executive Director and vice chair; the Government of Ghana will serve as vice chair, and the Chairman of the DAC Chair will serve as an *ex officio* member. Other members of the Committee are the African Development Bank, the European Commission, Japan, Nicaragua, the OECD-DAC Secretariat, South Africa, the United Kingdom, the UNDP, the United States, and Vietnam. Canada, representing the advisory group liaising with civil society, will also serve as an *ex officio* member. Bangladesh and Zambia will be alternate partner country members.
- The Core Group—comprising the World Bank as the chair, the Government of Ghana, and the DAC Secretariat—will undertake much of the preparatory work for the Forum, including overseeing the planning of the preparatory events. This work will be demanding and involve intensive staff work, which can be supplemented with consultancy services as required.³ The Core Group will also be responsible for overseeing the logistics of the meeting—facilities, the invitations, protocol, visas, etc. The AfDB, the EC, Japan and the UNDP have offered support through their offices in Accra. Ghana has already created a national preparatory committee headed by a top Ministry of Finance official, with representation from all involved parts of the administration (the President’s Office, Foreign Affairs, Security, Tourism, State protocol, etc.). Technical sub-committees have started to work on the preparations for the Forum. The conference facilities have been identified.
- In the lead up to Accra, broad consultations internationally, regionally and bilaterally, will need to be undertaken – all requiring a significant operational budget which will need to be shared equitably among WP members. At this point in the process, the Steering Committee will meet quarterly to take stock of issues, to review further development of the HLF concepts and objectives, and to take decisions as required. The Steering Committee will also report to the WP EFF. A public website could be created, in order to increase the openness and transparency of the preparation process. It is expected that some of the Steering Committee meetings will be held in Accra, using videoconference/teleconference facilities as needed. A number of Core Group meetings should also be held in Ghana. A public website could be created, in order to share information, and increase the openness and transparency of the preparation process.

16. **Civil Society.** Given civil society’s increased interest and involvement in implementing the Paris Agenda, an advisory group⁴ has been set up to facilitate WP-EFF/CSO dialogue on aid effectiveness leading up to HLF3. Canada has volunteered to play a leading role in the advisory group, and will liaise with and report to the WP-EFF. Following the first meeting on the Dialogue with CSOs, the advisory group will be:

² For HLF2, the World Bank chaired the Steering Committee.

³ Additional studies may also be needed; division of labor or cost-sharing among Working Party members will also need to be worked out.

⁴ The advisory group will comprise representatives of donor institutions, partner country governments, Southern NGOs, and Northern/international CSOs.

- working with CSOs both as development actors and as promoters of accountability.
- promoting dialogue with CSOs on aid effectiveness, and to include them in the Accra preparation process.
- preparing in consultation with the WP-EFF, the Steering Committee and CSOs, proposals on aid effectiveness and civil society for discussion at Accra.

17. **Next Steps.** The next Steering Committee meeting will take place in Paris on April 20. Prior to the meeting, an annotated agenda will be prepared highlighting questions/issues on which responses/decisions are required from the Steering Committee. The meeting, as part of its agenda, could usefully review the lessons learnt from the Hanoi Roundtable-- the preparatory process, what worked and what could work better, review the key messages, and the issues for Accra.