

REPORT ON GLOBAL FORUM ON DEVELOPMENT ACTIVITIES: 4-5 DECEMBER 2006

Contribution by the World Bank and the World Health Organisation

Pre-Meeting on Aid Effectiveness and Health December 4, 2006

1. This half-day workshop, dedicated to aid effectiveness in the health sector, was jointly prepared by the World Bank and the World Health Organization. A background paper on aid effectiveness in health was presented to the meeting, along with two case studies from Rwanda and Ethiopia. This was followed by a panel discussion.
2. Participants welcomed the significant progress made in the health sector in terms of harmonization and alignment, and provision of long-term donor financing. They noted however that the health sector also experiences many of the problems associated with ineffective provision of aid - including high transaction costs associated with multiple partners; unbalanced investments across the sector; and aid volatility. For these reasons, it was agreed that health represents a good "tracer" sector for broader work in the OECD/DAC on harmonization and alignment. Discussions stressed the importance of country ownership, mutual accountability and better coordination among all stakeholders, with particular emphasis on the role of GHPs.
3. The meeting was chaired by Rob de Vos, Deputy Director General for Development Cooperation in the Netherlands. He reminded participants of the important analytical work that has been done on the relationship between health and development, from the 1993 *World Development Report* through to the more recent High-Level Forum on the Health MDGs,¹ and its follow up the Scaling Up for Better Health Initiative. He challenged donors to 'walk the talk', i.e., to address the problems high-lighted by this analytical work and to begin to provide long-term and predictable commitments and to reduce distortions in the health sector.
4. Andrew Cassels for WHO and Jacques Baudouy for the World Bank made introductory remarks based on the background paper, stressing the mutual benefits for the OECD/DAC and for the health sector of looking at aid effectiveness in health. On the one hand, the health sector is piloting new approaches to aid effectiveness which are likely to be of interest more broadly. These include efforts to: better coordinate HIV/AIDS partners; increase resources for health systems strengthening; and establish innovative financing mechanisms. On the other hand, the Paris Declaration and its follow-up can create pressure for better harmonization and alignment in health at country level, which is also much-needed.
5. Representatives from Rwanda and Ethiopia highlighted unbalanced donor investments in health in their countries, with the lion's share of health aid going to HIV/AIDS, TB and Malaria in both cases. Both representatives stressed the need for better donor coordination and alignment of aid with sector strategies and priorities, and noted that existing coordination mechanisms were the best way to achieve this. In this regard the representative from Rwanda referred to a proposed 'compact agreement' between government and development partners in his country.

¹ See: www.hlfhealthmdgs.org

6. Starting the panel discussion, DAC Chair Richard Manning agreed that health should be a "tracer" for overall progress towards harmonization and alignment. Recent increases in aid mean that scaling up in health is a real possibility - thus health is an important sector to watch closely. Mr Manning reflected that donors have always championed (and therefore been major financiers of) certain aspects of development, whether reproductive health twenty years ago or HIV/AIDS today. Similarly, it has always been necessary to raise money vertically, but to spend horizontally. Even so, current distortions in health are a concern. We must find ways to 'crack the system', i.e., to ensure that much-needed new money for communicable diseases is complemented by investments in health systems. The panel discussant from Australia reported on AusAID's effort to improve accountability and government capacity in the health sector in Papua New Guinea, while GAVI focused on its new instrument - the GAVI health systems strengthening window - to provide long-term and flexible financing. PEPFAR stressed the need to better demonstrate the link between harmonization and alignment and results, and agreed that donors should align behind country priorities. Finally, UNAIDS described recent efforts to improve aid effectiveness among HIV/AIDS partners, notably the *Three Ones*.

7. From the floor, the Global Fund noted its commitment to the Paris Declaration and to continuing efforts to improve the effectiveness of health aid. It challenged the representation of high HIV/AIDS funding in Rwanda as a 'distortion', suggesting that the problem was 'too little' for other aspects of health, rather than 'too much' for HIV/AIDS. A representative from France presented the UNITAID initiative and its guiding principles: long term and predictable financing, funding for specific 'niche' areas, innovative partnerships and complementarity with existing programs and institutions.

8. In his concluding remarks, the Chair welcomed the support from participants to increase links between aid effectiveness work in the health sector and the OECD/DAC, and raised the imperative for significant donor behavior changes at both country and global levels through the Scaling Up for Better Health Initiative in light of the proposed future aid increases promised by the EU. Finally, he reiterated the meeting consensus that health should be used as a tracer sector to monitor progress towards the Paris Declaration.

***Policy Workshop - Global Programs and the Paris Agenda
December 5, 2006***

9. A Policy Workshop was held on December 5, 2006, at the Chateau de la Muette, co-sponsored by the OECD-DAC, OECD Development Centre, and World Bank. The theme of the workshop was the growing role of global programs and their operational implications at the level of developing countries. Participants included senior officials from countries inside and outside the OECD-DAC, and representatives of global programs, foundations, international organizations, and civil society. This note provides a general summary without attribution to specific participants in this informal session.

10. The workshop followed a pre-meeting on aid effectiveness and scaling up in health, which took place the previous day and focused on the ongoing process of discussion and coordination among global health programs, development organizations, and developing countries. The pre-meeting included presentations from Rwanda and Ethiopia about the pattern of health expenditures at country level, existing coordination mechanism and even (in the case of Rwanda) a proposed compact agreement between the country and development partners. Participants saw that health could be used as a “tracer” sector to measure overall performance on harmonization and alignment. The workshop itself continued discussion of global health programs but also broadened the focus to the role of global programs across a number of other sectors – the environment, energy, agriculture, education, water sector, and urban development – with the objective of discussion of the role these programs played on the ground. The workshop was structured around four main sessions; these are summarized below.

Session 1: The emerging role of global programs in the aid architecture - the challenge of alignment at country level.

11. An overall theme of this session was the growing differentiation within the global development aid architecture, with rising numbers of players and channels for funding, including global programs. The impact of this greater complexity ultimately plays out on the ground at country level, and the development community needs to take responsibility for confronting and managing tradeoffs. Participants reviewed the reasons why global programs have been created. Key drivers have been the need for new and innovative approaches and to engage new partners, particularly the private sector; the desire to achieve specific results on widely shared goals; to create instruments to scale up and provide incentives at national level to deliver global public goods; to enhance learning; and to sustain public understanding and support in donor countries for new development initiatives. A number of speakers saw the traditional aid system as not well-equipped to address emerging global issues with the necessary speed and scale. Some competition between different channels for aid was seen as positive, and the dynamics were compared to those for industrial firm entry and exit in other markets. Proponents of global programs also acknowledged their transaction costs at country level, and the potential trade offs between short term results and long term sustainability. Some global programs may need to shift strategy after a startup phase when initial results have been achieved (referred to as “low-hanging fruits”). Participants also noted that the popularity of global programs at times had led to new programs being launched without sufficient consideration of their net value added or of their integration and effectiveness at country level.

12. Many participants pointed to the need to strengthen the international system to help it fulfill its role in helping developing countries build up their core capacities, and to find ways to adapt traditional aid instruments and institutions to balance the rise of global programs. Participants recognized that all players share accountability to achieve results and to manage the tradeoffs within the current architecture, not merely to let global and vertical approaches create tensions among short and long-term objectives and different parts of the aid architecture.

Session 2: Current developments - how are partners working now to achieve better integration of global and country programs?

13. During this session, there was a report back from the previous day's meeting on aid effectiveness in health. There were real and positive advances in health funding for a number of diseases and specific purposes, but in some low-income countries, there were significant and unsustainable imbalances between funding earmarked for specific diseases compared to other health priorities and for core health systems.

14. As the discussion continued, comments about experience with global programs in other sectors showed other findings as well. In education, the challenge of scaling up had resulted in the development of the Education for All- Fast Track Initiative (EFA-FTI) program as a possible model for bringing global objectives to the country level, in a way that emphasizes harmonization and alignment. In the case of environment, some participants pointed out that total harmonization and alignment of global programs could negate their core purposes, such as to engage partners beyond the government and to take on very specific problems (i.e., phasing out ozone-depleting substances). Global programs might better provide pools of expertise to address knowledge gaps, as well as and targeted resources, and promote collective action beyond what governments alone could mobilize. The impact of global programs at country level was clearly quite differentiated, not least between middle-income countries and low-income countries.

15. The need to prioritize involvement in a growing number of global and regional initiatives had led some development institutions to develop selectivity criteria oriented around their own comparative advantages and to use partnerships strategically to extend their reach. Donors felt it was important to find ways to ensure that global programs and country ownership were not in conflict. At country level, better tracking of grants was needed to promote coherent strategies that capitalize on complementarities. Systemically, what was needed was to find ways to ensure that individual decisions by donors and developing countries are collectively rational. The conclusion was that it was challenging yet encouraging to have global programs, but a mechanism was needed to coordinate better among players in the development community, such as the proposed Good Practices.

Session 3: Good Practice Guidance for better alignment of global programs at the country level.

16. This session focused on the draft Good Practice Guidance document that had been circulated. It was suggested that participants consider the document in light of a number of key questions: did the proposed guidance take into account all of the players; did it cover the diversity of global programs and promote their positive aspects; did it deal with the real problems and reference essential development functions? Most speakers welcomed the preparation of the Good Practice Guidelines document, and made some specific suggestions on the structure and content, including sharpening the text around some key priorities and principles. While it was generally agreed that global programs should be fully covered under the Paris Declaration, a number of speakers suggested that this document must add value to what is already agreed in the Paris Declaration.

- **The introductory context** should be set to ensure understanding of the more fundamental issues upfront and include a broad statement on the value of global programs and the tradeoffs they raise.
- **Ownership** was seen as a paramount concern at all levels; ownership needed to be fully vested in governments, and development partners should not undermine their policymaking role in setting the level of public expenditures across and within sectors or pre-determining the kind of assistance countries needed. Dialogue about global and country programs should be continued on the ground in countries.

- **Alignment** was important but the missing link was often capacity building. Space should be maintained for “non-alignment” in some cases, especially when governments were not the central channels to deliver program objectives (especially in fragile states). Alignment around regional or sub-regional collective action could also be important.
- **Capacity building** was emphasized by many as a *sine qua non* for both long-term development and the effectiveness of interventions from global programs. This included not just training initiatives but also the presence of strong core investment programs at the macro and sector levels in countries, with long-term approaches and supported by predictable sources of funding.
- **Mutual accountability** was stressed as a key principle to include in the Good Practice Guidance.
- **Selectivity** and the need to “think twice – if not five times!” was strongly endorsed, and strict criteria for creating new global programs to avoid proliferation. Funds should be truly additional and the programs should complement country programs.
- **The international system** was seen as playing an important role and should be strengthened and reformed. This included an important role for international institutions – UN, World Bank, IMF – in supporting the governance of global programs and in acting as partners to governments in building core capacity.

17. The Good Practice Guidance note was accepted as an initial draft and it was agreed that it should be adjusted according to the comments made and then tested at country level.

Session 4: Moving forward in the broader aid agenda - the balance between global “vertical” funds and “horizontal” programs.

18. This session provided an opportunity to agree on concrete steps forward in what was described as clearly a collective challenge to promote balance between different channels for aid, moving beyond the previous “sterile debate” between vertical and horizontal programs. Given the high level of consensus, a key question was how to best move forward at country level.

19. It was agreed that the draft Good Practice Guidance document would be revised based on suggestions made at the workshop, and that copies would be disseminated as a work in progress for trial in a few countries. The proposal to have a partner country meeting in the near future was also acknowledged, and it was suggested that a meeting could be used to consider terms of reference for a testing phase. An informal group, convened by the World Bank and OECD, will liaise further with the Working Party on Aid Effectiveness (WP-EFF), to discuss progress with a view to incorporation of refined guidance and lessons learned. With regard to monitoring, it was agreed that no additional parallel system outside the Paris Declaration would be set up.

Closing Session

20. The closing session of the meeting re-emphasized the view that the development community had moved beyond any support for a dichotomy between vertical and horizontal funds. Participants then had the opportunity to hear views from the President of the African Development Bank, which reinforced the importance of vertical initiatives. He also expressed concern about the potential risks in middle-income countries that benefit from grants provided by global funds yet no longer draw on the resources offered by international finance institutions. In all countries, there existed a need for balance at country level, as well as the need to build up capacity, and to bring the growing number of aid providers around one agenda. The meeting concluded with a follow up proposal, that this initial work on global-country analysis be carried forward in several steps to arrive at much firmer recommendations on harmonization and alignment issues at the time of the High Level Forum on Aid Effectiveness of the DAC in Accra in 2008. The meeting

asked the Bank and the DAC to develop a follow up agenda and to maintain strong involvement by partner countries throughout the process.

21. A draft note on proposed next steps in relation to aid effectiveness and health, global programmes and WP-EFF was circulated and accepted by participants. It was submitted to the DAC Senior Level Meeting the following day [see Annex] as a reference to the oral report made by the World Bank on the workshop. The agenda, list of participants, documents and presentations can be found on the OECD website: www.oecd.org/development/globalforum.

ANNEX

Comments from participants distributed to the DAC Senior Level Meeting on 6 December 2006

OECD - WORLD BANK POLICY WORKSHOP ON GLOBAL PROGRAMMES AND THE PARIS AGENDA in the framework of the OECD Global Forum on Development

4-5 December 2006, Paris

PROPOSED FOLLOW-UP

1. Against the background of an expanding range of global, issue-based programmes, the Paris Declaration includes a commitment "to take concrete and effective action to address the remaining challenges", among them being "insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS".
2. It will be important to have made progress on this front by the time of the next High Level Forum on Aid Effectiveness in Accra in September 2008, and to have assessed implications for the global institutional architecture for development, given the contributions and challenges associated with Global Programmes. The Policy Workshop has provided a basis for moving forward:
3. The draft Good Practice Guidance for Integration and Effectiveness of Global Programmes is based on the Paris Declaration and, incorporating suggestions made at the Policy Workshop, should be disseminated as work in progress for trial in a few representative partner countries. An informal global programmes policy group, convened by the World Bank and the OECD, and engaging donors, global programmes, partner countries and civil society, will facilitate this process. It will look at specific issues and experiences in more depth, particularly at country and sub-national levels, to generate learning across the aid system and identify needs for information sharing and monitoring mechanisms. The interlinked issues of predictability, sustainability, and capacity development should receive particular attention.
4. The process should include a partner country meeting on global programmes, ahead of the Accra HLF. The informal group should not constitute a parallel monitoring process. It will liaise with the Working Party on Aid Effectiveness, which will discuss progress, with a view to the incorporation of refined guidance and lessons learned on the agenda of the Accra High Level Forum.
5. In the context of the initiative on Scaling Up for Better Health, a Steering Group and a Technical Group are already looking at aid effectiveness in the health sector generally, including the roles of bilateral and multilateral agencies and the Global Programmes. This work includes monitoring of the efforts being made to apply the Best Practice Principles for Engagement of Global Health Partnerships, which emerged from the High Level Forum on the Health MDGs.
6. Coordination and interaction with the DAC Working Party on Aid Effectiveness will ensure that these streams of work are brought together in the guidance and lessons learned presented to the Accra HLF. Participation of the wider range of Global Programmes in the Paris Declaration should be sought. Progress can also be assessed in the OECD Global Forum on Development and other international fora.