



**MPI**



**JAPAN**  
Official Development Assistance



**외교통상부**  
Ministry of Foreign Affairs and Trade



## Aid Effectiveness & Regional Economic Integration

**Seminar on Challenges in Cooperation and  
Communication for Development in Southeast Asia**

**26–27 April 2010, Hanoi, Viet Nam**

**SUMMARY REPORT**

## Overview

- On 26-27 April 2010, 73 participants from 12 countries took part in the “Seminar on Challenges in Cooperation and Communication for Development in Southeast Asia” that was held in Hanoi, Vietnam. This event was co-hosted by the Vietnamese Ministry of Planning and Investment, the Ministry of Foreign Affairs of Japan, the Ministry of Foreign Affairs and Trade of the Republic of Korea and the Organization for Economic Cooperation and Development (OECD).
- The meeting gathered development experts in ministries and public development agencies from Southeast Asia. It brought together representatives of the host countries (Viet Nam, Japan, and Korea), of Australia, Belgium, Cambodia, Indonesia, Lao PDR, Malaysia, Philippines, Singapore, and Thailand and of multilateral organisations (Asian Development Bank, European Commission, UNDP, and OECD)<sup>1</sup>.
- Participants discussed how more effective aid can support economic integration in the ASEAN region and how development results and its benefits for poor people can be better communicated to the public. They also explored how Southeast Asian countries can contribute to the Fourth High Level Forum on Aid Effectiveness (HLF – 4) to be held in Seoul, Korea in 2011.

## Background

- Beyond the immediate consequences of the global crisis, a major economic and political shift is underway in the Southeast Asian region, which is one of the most dynamic areas in a rapidly changing world. Yet the region’s middle-income countries, in particular, are confronted with new challenge. To stay competitive, strengthen social cohesion and reduce existing gaps between countries of the region, Southeast Asian countries need to adapt to the changing global environment.
- Very recently, under Viet Nam’ Chairmanship of ASEAN (Association of Southeast Asian Nations) in 2010, the 16th ASEAN Summit was an opportunity for Southeast-Asian leaders to set the goal and roadmap towards building the ASEAN Economic Community by 2015.
- To help ASEAN policy makers find innovative policy solutions to reinforce regional integration, the OECD Development Centre is partnering with ASEAN to emulate and adapt the success of its own Regional Economic Outlook processes, and will launch the first Southeast Asian Economic Outlook (SAEO) in November 2010.
- In addition, ASEAN has actively cooperated with countries and regions such as Australia, China, Japan, India, Korea, and New-Zealand, as well as the European Union. This cooperation, especially in sharing experiences in the field of development, is of great significance to ASEAN.

## Objectives

1. To discuss the impact of the global economic crisis on the growth, development and regional integration of Southeast Asian countries;
2. To share experiences about opportunities and challenges in global and regional economic integration;
3. To explore how development aid can promote regional integration and to identify ways to improve communication to the public about development results;
4. To provide useful insights on aid effectiveness to contribute to the upcoming HLF – 4.

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1. For further details please see the list of participants.

## Welcome Speeches

- **Mr. VO HONG PHUC, Minister of Planning and Investment, Government of Viet Nam** ([Coming Soon](#))
- **H.E. MITSUO SAKABA, Japanese Ambassador to Viet Nam** ([Click Here](#))
- **Mr. SAE-YOUNG KWON, Charge d'Affaires ad interim, Korean Embassy to the Viet Nam** ([Click Here](#))
- **Mr. MARIO AMANO, Deputy Secretary-General, OECD** ([Click Here](#))

Representatives of the four organising institutions thanked their co-hosts for their support in preparing the event and welcomed the participants to the meeting. They highlighted how timely this event was, in a context of global economic crisis and preparation for the upcoming HLF – 4. The importance of sharing expertise and taking a constructive approach was also underlined.

### Key points

- Mr. Vo Hong Phuc (Viet Nam): (*Coming Soon*)
- H.E. Mitsuo Sakaba (Japan): Japan is proud to have made its contribution, through development assistance, to the economic growth of the region, which is known as “Asian Miracle”. The Tokyo Declaration recently reconfirmed cooperation between Japan and the Mekong region.
- Mr. Sae-Young Kwon (Korea): As a former recipient country which this year became a DAC donor, Korea is very happy to host the upcoming HLF – 4 (Seoul, 2011). Participants were encouraged to provide useful suggestions to improve aid effectiveness and regional integration.
- M. Mario Amano (OECD): Increased activities with Viet Nam and other ASEAN countries, for instance the *Southeast Asian Economic Outlook* to be released in November 2010 by the OECD Development Centre collectively with several ASEAN governments and the ASEAN Secretariat, imply that Southeast Asia is a region of strategic importance to the OECD.

## Session 1:

### Economic Integration in Southeast Asia to Overcome Global Economic Challenges

***Key questions:*** *What are the current dynamics of economic integration in the region? What impact has the global economic crisis on it?*

### Keynote speech

- **Mr. AYUMI KONISHI, Country Director for Viet Nam, Asian Development Bank**  
[Click here to see the full speech](#)

#### The Southeast Asia’s economic recovery -

- Asia responded to the crisis better than other regions. According to the Asian Development Outlook 2010, the 5.2% growth is significantly below the 9.6% growth in 2007, but it shows that the region’s growing domestic needs acted as a buffer against external shocks.

- Asia, and especially East Asia, is leading the world out of the worst recession since the Second World War.
- Since the 1997-1998 crises, the region aggressively used its own resources and access to the international financial systems to reform its economic base and produce quality products at competitive prices.
- With the difficulties in the export markets, the Asian countries adopted aggressive economic stimulus measures, particularly focusing on supporting domestic consumption.
- Asian countries also built sufficient reserves, and for the most part, created the fiscal and monetary space needed to energize their economies.
- Unlike the 1997-1998 crises, the present global economic crisis was most strongly felt by the « almost poor », and not by the poorest of the poor.

#### **Towards more regional integration**

- The ASEAN leaders recently reconfirmed the roadmap towards a functioning ASEAN Economic Community by 2015. A single market and production base will make ASEAN a highly competitive global economic region, and pave the way to an eventual pan-Asian Economic Community.
- However, to achieve this deeper integration, ASEAN countries are urged to strengthen their institutional base, and bridge the development gap among members.
- Networks of roads, power transmission and telecommunication show the huge increase in regional integration binding countries together over the last 20 years.
- This « hardware » connectivity through infrastructure investment needs to be complemented by « software » development, to turn transport corridors into economic corridors.

#### **Cooperating with neighbours**

- Because of Foreign Trade Agreements with China and India, ASEAN countries need to develop a more efficient value chain, by abandoning conventional « import substitution » type industrial policies, and instead seeking their niche products to identify complementarities.
- Involvement of local governments and good communication strategies will allow doing the same thing at the provincial level.

## **Presentation**

### **■ Mr. KIICHIRO FUKASAKU, Head of Regional Desks, OECD Development Centre**

**[Click here to see the full presentation](#)**

Mr. Fukasaku shared the early results of the first *Southeast Asian Economic Outlook (SAEO)* to be launched in November 2010. The OECD Development Centre is partnering with ASEAN Secretariat to emulate and adapt the success of its own Regional Economic Outlook processes. It will help ASEAN policy makers to find innovative policy solutions to achieve these objectives through regional integration.

- Market unification and integration in the global market are the two forces which are working together to shape the region's economic landscape in the next 5 years.
- The global financial and economic crisis hit Southeast Asia hard through trade links. It has made the regional economic integration even more important.
- ASEAN works in close relationship with partners in East Asia (ASEAN +3), but also with India, Australia and New-Zealand (ASEAN +6), Transpacific countries (TPP), and the European Union (ASEAN-EU FTA).
- Since the ASEAN Free Trade Agreement (1992), the tariff rates have been rapidly declining, and the share of intra-regional trade increased. However, non-tariff barriers are still very important.

- The ASEAN Economic Community (target: 2015) will reinforce the regional economic unification and the integration in the global economy.
- The diversity of the 10 ASEAN countries in terms of population, growth and development represents a huge challenge. (E.g. Singapore GDP per capital in 2009 is 40 times the one of Myanmar).
- Aid disbursement to ASEAN as a percentage of all developing countries has been increasingly declining over the last ten years.
- Since the beginning of the 1990's, the FDI inflows to China over took the FDI inflows to ASEAN.
- ASEAN economies are well placed to emerge stronger from the global crisis, but development will likely be uneven across countries and sectors, unless necessary measures are taken:
  - Promoting green growth;
  - Fostering regional and sub-regional connectivity through infrastructure development;
  - Supporting the narrowing of the development gap within ASEAN;
  - Generating greater participation of the public in building the ASEAN Community.

## Panel discussion

**Facilitator:** Mr. Thomas Beloe, Aid Effectiveness Specialist, UNDP Regional Centre in Bangkok

**Panellists:** Mr. Pham Thanh Nam, Assistant Director General, MOFA, Viet Nam  
 Ms. Suchada Thaibunthao, Deputy Director General, TICA, Thailand  
 Mr. Masayuki Karasawa, Deputy Director General, JICA, Japan  
 Mr. Ayumi Konishi, Country Director for Viet Nam, Asian Development Bank

### ■ **Mr. PHAM THANH NAM, Assistant Director General, Multi-lateral Department, MOFA, Viet Nam**

- ASEAN showed a significant resilience to cope with the crisis, and a solid and quick recovery compared with other regions. According to the IMF, 6 out of 10 ASEAN members are going to grow above 4% this year (e.g.: Singapore 6.5%, Viet Nam 6%, Thailand 5.5%).
- After years of restructuring and reforms since the 1997-1998 crisis, the region now has sound economic basis, especially in the banking and financial sector.
- ASEAN represents a huge market in terms of combined GDP (1.5 bn USD) and total trade (1.7 bn USD); 26% of trade is inter-ASEAN.
- Outside players (EU, US, China, etc.) are looking at ASEAN as an effective partner for economic linkages and show a continuous interest in building economic connectivity.
- ASEAN has a strong desire to play a bigger role in the political and economical structure of the post-crisis period (E.g.: Upcoming full integration through the ASEAN Economic Community; Request for regular participation in the G20 Summits, etc.)

### ■ **Ms. SUCHADA THAIBUNTHAO, Deputy Director General, TICA, Thailand**

- Narrowing the development gaps in the region will remain a major challenge.
- TICA's objective is to strengthen technical cooperation at a regional and sub-regional level.
- TICA works on South-South Cooperation and partnership cooperation with traditional donors, like JICA. Multilateral cooperation is operationally more difficult to manage than bilateral cooperation.
- The crisis had a strong impact on aid. ODA budget was cut by 43% this year, and will increase of only 10% next year.

■ **Mr. MASAYUKI KARASAWA, Deputy Director General, JICA, Japan**

- In a globalised economy, the economic crisis could be a good chance to rebalance growth. In order for Asia to become a growth centre for the next 20 years, we need to:
  - Invest in the region to sustain the growth conditions, especially in infrastructure;
  - Create social safety nets for the ageing society;
  - Prepare major cities and coast areas for the future challenges of climate change;

### Discussion points

- In a context of more regional integration and globalisation, achieving cross-country complementarities will be a major challenge.
- Avoiding overlap between countries with similar comparative advantages, (both within countries and outside the ASEAN) will require a complex institutional framework.
- Even if there are large disparities, good domestic consumption and domestic resource mobilisation supported the recovery in many countries. However, economic and fiscal stimulus packages played a significant role in artificially strengthening the domestic consumption.
- These packages have two negative consequences: some signs of inflation, and a lack of incentives for companies to become more efficient and competitive.
- Improving the overall business environment (by strengthening human resources level, anticorruption efforts, financial intermediation, and reducing red tapes in the government system) will be a key success factor.
- Proper regulatory framework to share risks and profits through Public Private Partnerships will mobilise the private sector, especially in financing infrastructure.
- Accelerating public regulation reforms will help avoiding the middle income country trap for countries such as Viet Nam.
- Beyond traditional North-South Cooperation, South-South cooperation will promote regional economic integration and reduce development gaps.
- As we move towards a more connected form of cooperation and economic integration, social protection mechanisms will reduce the risk that the poor get hit harder.

## Session 2:

### How Can Aid Effectiveness Foster Economic Integration?

**Facilitator:** Mr. Kiichiro Fukasaku, Head of Regional Desks, OECD Development Centre

### Presentations

■ **Mr. HOANG VIET KHANG, Deputy Director for Foreign Economic Relations, MPI, Viet Nam**

*Experiences in the Cooperation between Mekong Countries*

**[Click here to see the full presentation](#)**

#### Presentation of the Greater Mekong Subregion (GMS)

- Created in 1992, the GMS Programme gathers 6 countries: Cambodia, China, Lao PDR, Myanmar, Thailand, and Viet Nam.

- Objective: promoting development cooperation and economic integration in the region.
- A wide range of sectors: transport, telecoms, energy, environment, tourism, trade, investment, human resources, agriculture, and water management.
- Three pillars:
  - Connectivity: economic and transportation corridors;
  - Competitiveness: trade facilitation;
  - Community: Cross-Border Transportation Facilitation (limits frontier-crossing formalities).
- GMS products: various development studies (by sector, country, etc.), website and newsletter.

### **Viet Nam in the GMS**

- There are synergies between the GMS and the Socio-Economic Development Plan.
- Viet Nam has an active role in the economic corridor development, the future power trade programme, and the environment programme.
- It is successful to combine domestic and donor resources to invest in large scale projects.
- Viet Nam involved central ministries and local authorities.

### ■ **Ms. HELENA STERWE, Delegation of the European Union in Vietnam, Programme Officer**

*The Cooperation of EU and ASEAN in the Field of Aid Effectiveness*

**[Click here to see the full presentation](#)**

### **The relationships between the EU and ASEAN**

- As two major regional integration initiatives in the world, EU and the ASEAN are natural partners to share the same goals: both are committed to promote multilateralism as a means of tackling global challenges.
- EU has a more advanced model of regional integration (single market), but EU and ASEAN have developed close bilateral ties over the years.
- “United in diversity”: just like the EU, the ASEAN is far from being a homogeneous bloc.

### **Aid Effectiveness and Regional Economic Integration**

- Aid Effectiveness helps bridging development gaps.
- The EU contributes to ODA in ASEAN at different levels: globally (Doha Development Agenda, WTO, etc.), regionally (USD 2.5 bn in 2008), and bilaterally.
- Cooperation focus includes budget support, policy dialogue, and joint-implementation.
- The EU has a continued political commitment to the Aid Effectiveness agenda, and is preparing for the upcoming HLF – 4.

### ■ **Mr. THOMAS BELOE, Aid Effectiveness Specialist, UNDP Regional Centre in Bangkok**

*Capacity Development for Development Effectiveness Facility*

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- The Paris Declaration Principles provide a series of points of reference: ownership, alignment, harmonisation, managing for results and mutual accountability.
- But each country (or region) needs to adapt these principles to its own context in order to tailor its specific donor partnerships.
- Some targets or indicators of the Paris Declaration might be inappropriate in a regional context.

- In a regional context, other issues than the MDGs are at play (politics, security, flows of people, etc.) and might be in conflict with development stakes.
- The Bogota Declaration showed that donor/recipient relation is no longer the prevailing definition of cooperation. We need to redefine good practices in international cooperation to include South-South and triangular mechanisms.
- The Capacity Development for Development Effectiveness (CDDE) initiative tries to match supply and demand of development experience among the community of practitioners in the region. This database of expertise reinforces South-South cooperation, at a country level.

▪ **MR. KOH TIN FOOK, Director of Technical Cooperation, MFA, Singapore**

*Sharing Experience Learnt from the Initiative for ASEAN Integration (IAI)*

**[Click here to see the full presentation](#)**

Mr. Fook presented two examples of Singapore technical assistance through human capacity building. Both stem from the same philosophy: “Give a man a fish and you will feed him for a day. Teach a man to fish, and you will feed him for life”.

**The Singapore Cooperation Programme (SCP)**

- Date of creation: 1992.
- Training agencies: more than 50 schools and universities specialised in different areas.
- Participants: around 70 000 middle and senior level officials (from 1993 to 2009), from 169 recipient countries.
- Areas of training: civil aviation, economic development, trade, tourism, education, environment and urban development, healthcare, etc.
- Bilateral programmes (to focus on areas where Singapore has expertise) and multilateral programmes (to pool experience with the 35 partner countries, NGOs and international organisations).

**The Initiative for ASEAN Integration (IAI)**

- Date of creation: 2000 (4<sup>th</sup> ASEAN Informal Summit, Singapore)
- Objective: accelerate the development of CLMV countries (Cambodia, Lao PDR, Myanmar, and Viet Nam) to achieve the goal of an integrated ASEAN community by 2015.
- Singapore’s pledge: USD 119 million since 2002.
- Participants: around 30 000 since 2002
- Training centres in Singapore and in each CLMV capital, to be close to participants
- Best practices:
  - Commitment to narrowing development gap and achieving MDGs;
  - Strategic partnerships to share knowledge and experiences: South-South and triangular;
  - Work closely with each recipient country to identify their specific needs.

**Discussion in Breakout groups**

**Rapporteurs:** Mr. Rolando Tungpalan, Deputy Director General, NEDA, Philippines

Mr. Arunselam Rasappan, Secretary, Malaysian Evaluation Society

Mr. Cao Manh Cuong, Deputy Director General, MPI, Viet Nam



Participants were divided into breakout groups for a brainstorming. Presentations of the outcomes to the plenary included the following points:

- As ASEAN countries move along as one region, it becomes instrumental to bring more inclusive and rebalanced growth.
- Participants reaffirmed that aid effectiveness fosters regional economic integration, especially in the transport and power sectors.
- A better understanding of the development gaps within countries and between countries will enable identification of appropriate mechanisms to address them.
- Development agencies must align and support the priorities of the regional programs.
- National development plannings should be harmonised with the regional plannings, and work on the same priorities.
- Complementing the traditional official development assistance with the emerging South-South cooperation is very important, not only between countries but also between regions.
- Mutual accountability, one of the five principles of the Paris Declaration, is deeply linked with communicating results.
- Participants stressed the importance of communicating results not only to the public but also to the Parliament.
- The targets and indicators of the Paris Declaration might need to be adjusted to the regional context.
- A better coordination of stakeholders and more ownership from the partner countries will avoid overlap and duplication of initiatives.

### Session 3:

## How Can Development Results and Its Benefits For Poor People Be Better Communicated to the Public?

***Key questions:*** *In the light of the current systematic crisis, are public attitudes towards development cooperation changing? How can the benefits of development cooperation for poor people be demonstrated at best?*

***Facilitator:*** Mr. Masayuki Karasawa, Deputy Director General of Operations Strategy, JICA, Japan

### Presentations

■ **Mr. ARUNSELAM RASAPPAN, Secretary, Malaysian Evaluation Society**

*Best practices on Project Evaluation*

**[Click here to see the full presentation](#)**

- Having a results-based approach, with clear Monitoring and evaluating frameworks;
- Engaging with all the stakeholders of the project, in a collaborative process (service providers, policy makers, funding entities, direct beneficiaries, and the public community at large);
- Involving the development partners all through the development project, not only during the evaluation step, but also during the planning and implementation stages;
- Systematising the participation of grassroots level institutions (like village committees), and consulting them on an on-going basis to have their regular feedback;

- Setting up regular mandatory Monitoring and Evaluation reporting;
  - Allocating from the beginning a part of the budget to Monitoring and Evaluation costs.
- **Ms. VICTORIA VITERBO-QUIMBO, Director of Communication, National Economic and Development Authority (NEDA), Philippines**  
*Lessons from the Philippine experience*  
[Click here to see the full presentation](#)

#### Essential elements of a successful communication plan

- Clear and measurable communication goals, (different from the goals of the project itself);
- Good knowledge of the audience you wish to influence (both primary and secondary audience);
- Tailored and compelling message, using popular language;
- Creative and appropriate strategy, especially to reach the beneficiaries themselves.

#### Key messages from the Philippine experience

- To give credibility to a development programmes, it is crucial to ensure harmonisation and synchronisation of communication strategies. In this respect, the Philippines rely on different mechanisms and platforms, including, among others:
  - The Medium Term Development Plan: “the mother Philippines communication plan”. Every agency has its own plan to communicate its development results, but all these plans stem from the mother report.
  - The Harmonisation Committee: gathering of high level officers from Ministries of Budget, Planning and Finance to ensure that the concepts and methodologies are agreed upon at the highest level before going public.
  - The ODA Communication Network: a knowledge-sharing virtual network gathering development practitioners and government representatives to avoid contradiction in messages.

#### Discussion points

- Comparison of internal evaluation and technical assistance by a third party: How can we avoid the risk of bias when using donor’s evaluation teams?
- The proportion of the total budget that should be set aside for evaluation: MES recommends a target of 5% of the total budget.
- The costs of communication to the grassroots level: simple instruments, like village notice boards can have small costs. The Philippines have a decentralised system, where local governments take the lead for dissemination.
- The difficulties of impact assessment: evaluating the outcomes of communication efforts was considered as a major challenge.
- Communicating failures: results are not only about success stories. Honesty gets the empathy of the public, and gives more credibility for the future.

#### Presentations

- **Mr. KAP-CHAE RA, Assistant Manager for Public Relations Office, KOICA, Korea**  
*Lessons from the Korean experience*  
[Click here to see the full presentation](#)

### Development Cooperation in Korea:

- Korea became a member of the OECD Development Assistance Committee (DAC) this year. Its ODA volume will go from 0.1% of GNI in 2009 to 0.25% in 2015. (OECD DAC average: 0.31%).
- To achieve this commitment, strong public support will be necessary. In 2008, a MOFAT survey of people's attitudes towards ODA showed that only 51% of people are aware of ODA, and only 19% are in favour of an increase of ODA.
- Communication strategy to change negative attitudes towards increasing ODA:
  - To remind people that other countries' aid to Korea contributed to economic growth;
  - To emphasize that ODA volumes are not so big compared with other DAC countries.

### Examples of communication activities of KOICA

- TV programmes and documentary films about overseas volunteers;
- Press releases, website, newsletter, brochures, advertisements, books and souvenirs;
- Essay (school students), Thesis (university students) and photo (adults) contests;
- Visiting programme (Exhibition Hall);
- Partnership with private companies: KOICA's logo is printed on flight tickets issued by Asiana Airlines.

### ■ MR. PERAMES VUDTHITORNIRAKS, Vice President, Neighbouring Countries Economic Development Cooperation Agency (NEDA), Thailand

*Lessons learnt from the Thai experience*

**[Click here to see the full presentation](#)**

### NEDA's activities

- NEDA is the Thai Government's Aid Agency, specialised on hardware, mainly in transportation projects.
- It was created in 2005 in order to provide financial assistance to neighbouring countries (Lao PDR, Cambodia, Myanmar and Viet Nam).
- After five years of existence, NEDA has a portfolio of 10 projects (6 in Lao PDR, 3 in Cambodia, and 1 in Myanmar) representing around USD 200 million of assistance.
- Financial assistance is provided via concessional loans (90%) and grants (10%).

### NEDA's communication

- Communication challenges: Why should Thailand help foreign countries when it still borrows from World Bank, ADB, and international markets? Why is Thailand using taxpayers' money when there are still a lot of poor people inside the country?
- Main message: helping neighbouring countries will help Thai people themselves. As we enter a new era of integration, supporting CLMV countries will accelerate Thailand's development.
- This message is not easy to convey to the local people, who need subsidies from the government.
- It is important to work on communication at every step of the project cycle, to ensure partner country's ownership.
- The new NEDA logo (with a map of Thailand inside one of the letters) is an example of how to attract people's attention.

### Discussion points

- The benefits of tied aid: sharing know-how, and providing the lender with good returns. (50% of NEDA aid is tied to procurement of goods and services from Thailand)

- The impact of the global crisis on development projects: TICA's experience is that since the money of most programmes is committed many years ahead (on 2 or 3 year budget), the crisis only affected the creation of new projects, but not the on-going activities of existing ones.
- The burden of ODA for future generations: in the long term, ODA might bring difficulties for the future generations who will have to repay the loans.
- The quality of consultation: securing the quality of consultation with all the development partners at all the stages of the project is a big challenge.
- Communicating the responsibility towards neighbours: showing neighbour countries as "friends" or "relatives", and sharing their feedback is a useful instrument for aid communication in donor countries.
- Developing institutional capacity: institutional know-how development should be transferred alongside with technical assistance.

## Session 4:

### Using the Momentum: Preparations for the HLF – 4

***Key questions:*** Donor and partner countries have agreed on implementing the Paris Declaration by 2010. How can Southeast Asian countries use the momentum and contribute to the High Level Forum on Aid Effectiveness in Seoul 2011? How do we prepare communications for HLF – 4?

***Facilitator:*** Régis Avanthay, Head of Partnerships & Networks Unit, OECD Development Centre

## Presentations

- **Ms. BRENDA KILLEN, Head of Aid Effectiveness, OECD**

*Preparations for the HLF – 4*

**[Click here to see the full presentation](#)**

### Some reminders on aid effectiveness: where have we come from?

- In the beginning of the 21st century, after a decade of « aid fatigue », global ODA volumes increased (reaching USD 120 bn annually). A new framework had to be agreed to make sure that this money would be spent as effectively as possible, and would produce better results.
- The Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) provided this framework. Supported by all development actors (donors, BRICs, developing countries, civil society organisations, parliaments, and global funds), they created a broad consensus and political support on the necessity to improve the quality of assistance, especially through mutual accountability.
- In March 2010, the Bogota Statement brought in non-DAC donors. It emphasized the relevance of aid effectiveness principles in South-South Cooperation, and provided a set of recommendations to better complement to North-South development cooperation in a South-South context.
- In November 2011, the HLF – 4 will have a critical look at the Paris Declaration and set the aid quality framework for the final few years to achieve the Millennium Development Goals targets of 2015.

### Priority issues to improve aid effectiveness

- Predictability of aid flows: Firm and reliable commitments will allow effective planning and implementation of development programs.

- Harmonisation of procedures: Erratic fragmented reporting systems represent a bureaucratic burden for the partner country.
- Mutual accountability and managing for development results
- Removal of policy conditionality: Shift from policy to outcome-based conditionality.
- Empower local staff, with safeguards and audit mechanisms to ensure money is not diverted

#### **Getting to HLF – 4: communication strategies**

- Communication on development assistance is part of accountability, and ensures effective aid and support for development
- The impact of aid is increasingly questioned, and taxpayer demand for accountability is growing.
- (A recent survey found that 42% of French public do not believe aid is efficient).
- To avoid losing public support for aid, we need to keep the momentum.
- The central message to communicate: aid works, and even if aid effectiveness is not a rocket science, we now have the knowledge to make development assistance work better.
- Documenting monitoring and evaluating progress (Paris Declaration Monitoring Survey, Evaluation of the Paris Declaration, Monitoring of fragile states principles, Focus countries of the DAC Working Party on Aid Effectiveness, etc.) will generate evidence for HLF – 4
- Key events are upcoming: DAC Senior Level Meeting, UNDCF, and UN MDG Summit.
- There is plenty of progress that can be made over the next 18 months

#### **The key role of South East Asia in a successful HLF – 4**

- It has the most successful experience of development, growth, and poverty reduction. If we meet the MDGs it will be because of Asia. We need to learn from Asia the lessons on what makes development work.
- The region can support discussions both as donors and as recipients.
- It can bring experience both on traditional aid and on South-South cooperation.
- It can provide evidence on the role of economic integration.

#### **Discussion points**

- “Value for money”: in a period of pressure on donor’s budgets, we need to maximise the impact of aid, and make sure it has a long term impact on development.
- A global communication strategy that could be translated into regional and national ones is a good idea, but because issues are different from one region to another, we need to make sure that we have regional insights for the HLF – 4.
- We need to reduce the costs of managing aid, especially by improving capacities and systems (institutions, infrastructures, etc.)
- Strengthening capacities takes time: the existence of the OECD, a club of rich countries, shows that development goes on forever, and even developed countries are still learning on ways of managing economies.
- The ASEAN region has a lot to offer in terms of experience and good practices, not only about external assistance, but also about ODA (cf. the cases of Singapore and Thailand in the previous sessions) as well as regional programmes (cf. the Greater Mekong Subregion Programme).
- Aid effectiveness and financing climate change represent similar challenges: in both cases, we need to create the right conditions for ownership.

■ **Mr. JAEWAN LEE, Director of Humanitarian Assistance Division, MOFAT, Korea**

*Asia's contribution to the Aid Effectiveness Agenda*

**[Click here to see the full presentation](#)**

On behalf of Mr. Choi, Deputy Director of Development Policy Division of the Korean MOFAT, Mr. Lee identified the key elements of Asia's participation in the Aid Effectiveness Agenda.

**Road to HLF – 4**

- Strategic priorities:
  - Implementing past commitments (MDGs, Paris Declaration, Accra Agenda for Action),
  - Addressing the challenges in global aid architecture (climate change, financial crisis, shortage of food, energy and water, etc.)
  - Active participation of partner countries and key actors (non-DAC donors, CSOs, etc.)
  - Opening ways to post – Paris Declaration future: moving from aid effectiveness to development effectiveness.
- Key steps of the preparatory process:
  - High Level Event on South-South co-operation and Capacity Development (Colombia, March 2010);
  - Paris Declaration Monitoring Survey (in country and regional);
  - Global Aid Architecture Workshop (Seoul, late 2010);
  - Regional meetings and consultation, G20 Summit (2010), UN DCF.
- The Working Party on Aid Effectiveness (WP – EFF) will endorse structure, planning, outcome, work stream contribution, in collaboration with other partners (OECD members, Multilateral Development Banks, UN, CSOs, etc.).

**Asia and Korea's inputs to the Global Process**

- On the global process of the aid effectiveness agenda, the HLF – 4 will be the first event to take place in Asia.
- Asia represents 1/3 of global GDP, 1/2 of the world population, and 2/3 of the world's poor.
- Asia has a relatively strong commitment to PD and AAA, but there is divergence in national implementation capacities.
- Asia has abundant successful stories of development, rise of emerging economies and South-South Cooperation. It can provide evidence-based inputs of achievements of the MDGs.
- Asia can share lessons about regional and global development challenges (climate change, conflicts, infrastructure, financial stability, etc.)
- As a former recipient country who became a DAC donor, Korea can bridge both roles and share lessons from its own experience (about ownership, human and institutional capacity development, public awareness, etc.).

**Discussion points**

- We need to include all the parties who contribute to aid effectiveness: not only ODA, but also non-DAC donors, UN players, CSOs, SSC, etc.
- More cooperation with a number of plans, including the “ASEAN Connectivity Master Plan” and other related sectoral plans will avoid duplication of efforts.
- From aid effectiveness to development effectiveness: the Paris Declaration is not an end by itself but a means to achieve development effectiveness.
- Let's be practical and avoid a “too philosophical” approach about aid effectiveness.

- Preparation of the HLF-4 is a good timing opportunity to communicate the results of the implementation of the Paris Declaration: support from the public is critical to maintain political momentum, especially in donor countries, and communication is at the heart of aid effectiveness. How can we make communication in a more systematic way?
- Suggested follow-up of the seminar:  
The relevance of aid effectiveness in a context of regional integration (as opposed to the country level) is a topic that could be brought to the HLF-4. Participants agreed to further study how aid effectiveness can foster economic integration, and work together to bring the subject to Seoul next year.

### Closing remarks

- **Mr. MARIO AMANO, Deputy Secretary-General, OECD [\(Click Here\)](#)**
- **Mr. NGUYEN THE PHUONG, Vice Minister of Planning and Investment, Viet Nam [\(Click Here\)](#)**

On behalf of the OECD and the Vietnamese MPI, Mr. Mario Amano and Mr. Nguyen The Phuong thanked the speakers and facilitators for their valuable contribution to the success of the seminar, and participants for their interest and useful discussions.

#### Key closing remarks

- Regional economic integration is an important response to the global financial and economic crisis.
- Cooperation within ASEAN, between ASEAN and its development partners (such as ADB, EU, OECD and Japan), as well as other emerging economies in the region (such as China and India) can foster integration and aid effectiveness.
- Effective development assistance is more than ever necessary to bridge the economic and development gaps in the region.
- Strengthened and coherent communication activities will help to reach consensus on the benefits of aid to bring growth and poverty reduction.
- Experiences learnt from Southeast Asia will contribute to enriching discussions on South-South Cooperation, and outcomes and recommendations of the seminar will send a valuable message to the 4<sup>th</sup> High Level Forum on Aid Effectiveness.