

**2006 ASIAN REGIONAL FORUM ON AID EFFECTIVENESS:
IMPLEMENTATION, MONITORING AND EVALUATION**

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Synthesis Report

Marcus Cox & Nigel Thornton

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The opinions expressed in this report are the authors' alone,
and do not represent the official views of the organisers of
the Asian Regional Forum on Aid Effectiveness

Executive summary

1. This Synthesis Report draws together some of the most important lessons and themes emerging from a series of 12 case studies across 7 Asian countries on experiences with implementing the Paris Declaration. Its intention is to support debate at the Asia Regional Forum on Aid Effectiveness: Monitoring, Implementation and Results.

Implementing the Paris Declaration

2. Despite the diversity in country conditions, the Paris Declaration principles and commitments are seen as relevant and important across the region. Countries with strong development agendas see the Paris Declaration as a means of improving their management of external assistance. Countries where leadership is less developed see them as a way of overcoming poor aid practices. They have also proved highly relevant in responding to the region's worst natural disasters.

3. Implementation of Paris has to be negotiated and organised at country level. Not all countries have engaged actively with the implementation process. Vietnam and Cambodia have both established action plans, working groups and review processes to guide implementation. In other countries, greater engagement is required, not just from the agencies responsible for aid coordination, but across line ministries. More capacity building across government and awareness raising of the advantages to be gained from implementation would help to broaden the commitment.

4. Country context matters. Partner countries and donors need to define an aid-effectiveness agenda appropriate to the context, giving due attention to sequencing and prioritisation.

5. More effective aid does not equate to aid cheaply delivered – at least not in the short term. Donor staff find the demands of Paris taxing, and some fatigue with the agenda is already apparent. The scaling up of aid will generate further pressures, which should be factored into donor staffing strategies.

Ownership

6. Country leadership is now broadly recognised as a basic condition for effective aid. Leadership is a function both of political commitment and of capacity to formulate and implement development policy. Donors increasingly direct their policy dialogue towards helping partner countries achieve their stated development objectives, rather than imposing their own policy agendas. The report lists a number of useful approaches from the case studies for building up country ownership.

Aligning with country policies and strategies

7. Most donors now relate their support programmes to national development strategies as a matter of course, but this has not required much changed in country programmes. The hard work of alignment occurs at sectoral level, as donors align their support through programme-based approaches (PBAs). PBAs have proved to be an effective platform for promoting the Paris principles, and flexible enough to accommodate different funding modalities and management arrangements.

Strengthening and using country systems

8. Bringing country systems up to international standards is a major commitment, and requires sustained effort. Change is incremental in nature, and external support needs to be flexible enough to negotiate the political and institutional constraints.

9. Convergence of country systems and donor requirements is happening, but slowly. Agreement on the use of country systems for aid delivery has been achieved in a few discrete areas, but each step can take years to negotiate. There are widespread concerns that donors are not being sufficiently flexible in applying their rules and procedures.

10. Donors differ in their approach to managing fiduciary risk. There needs to be more reflection within the donor community on potential trade-offs between the benefits of using country systems and the possibility of higher fiduciary risk.

11. Strengthening country capacity for aid coordination is key to improving aid effectiveness. Priorities include clarifying roles and responsibilities, strengthening the legal framework and building project-management capacity. Eliminating parallel project-delivery structures is presenting a serious challenge for donors and partner countries alike.

Harmonisation

12. Harmonisation is a negotiated process, responding to needs and opportunities emerging at country level. The first steps are often taken by a small group of like-minded donors. As country leadership improves, the emphasis shifts to promoting greater alignment and coordination through government-led processes, suggesting a natural sequence. However, there is a continuing need for strategic coordination among donors, to support government leadership.

13. The costs of harmonisation for donors are high, and are not always transitional in nature. These should not be seen as transaction costs at all, but as part of doing aid well.

14. Greater selectivity in programming and improved division of labour among donors are fundamental to improving aid effectiveness, as the costs of working collaboratively across a broad portfolio of activities become prohibitive. In the future, there will be a need for more coordinated programming among donors, in order to identify areas of comparative advantage and to increase specialisation across and within sectors.

Managing for results

15. The case study countries are still in the process of establishing systems for monitoring national development strategies, and capacity for monitoring needs to be developed across government. Partner countries need to work on ensuring that results information is used to inform policy and management decisions. At the programme level, the case studies suggest that the key objective is to ensure that joint review processes are used to support policy dialogue. This may be more important than developing elaborate performance frameworks and indicator sets.

16. When applied to aid-effectiveness initiatives, managing for results means making the effort to determine how changes in aid practices are likely to contribute to the

achievement of national development goals. Without this, there is a risk that the Paris commitments may come to be seen as ends in themselves, rather than as tools for promoting development.

Mutual accountability

17. Some countries are beginning to establish monitoring and review processes to track donor and government performance against aid-effectiveness commitments. There are no sanctions for non-compliance, but the process of implementing the Paris Declaration, when taken seriously, is creating a sense of mutual obligation between partner countries and donors, which may prove highly influential over time.