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CAPACITY DEVELOPMENT FOR
DEVELOPMENT EFFECTIVENESS
FACILITY FOR ASIA AND PACIFIC

**Asia and the Pacific Consultations on the
Fourth High Level Forum
On Aid Effectiveness
Bangkok, 14 September 2011
A Summary**



Executive summary

In the lead-up to the Fourth High-Level Forum on Aid Effectiveness (HLF4) in Busan, 19 countries of Asia and the Pacific gathered in Bangkok on 14 September 2011. Coordinated by the Capacity Development for Development Effectiveness (CDDE) Facility, 97 participants from governments, civil society and development partners discussed national and regional priorities on aid and development effectiveness.

Key messages:

It is essential to **clarify who will negotiate and agree the post-Busan commitments** and indicators.

Countries request **more guidance on how to contribute to HLF4** to help them prepare, a number of countries put forward specific suggestions for their participation.

These commitments should have **application to all development partnerships**, including those involving new players and financing sources, such as climate finance.

The HLF4 should focus on development results and **clarify paths to “finish the business” agreed in Paris and Accra.**

The post-Busan monitoring framework should be light at the global level, further decentralized regionally, and decidedly strengthened at the country level. **Clear time-bound and measurable targets need to be designed, initially with a view to 2015.**

The themes provided in the draft Busan Outcome Document reflect the key priorities identified at the country level and discussed at the regional and sub-regional levels.

In order to *improve the quality and effectiveness of development co-operation:*

From the partner country perspective, it is **imperative to strengthen mutual accountability** through enforcing the accountability of donors potentially through individual government-donor compacts.

The **increased use of country systems continues to be a top priority for partner countries.** In this context, further debate is needed to address the possibility of **accounting for mutual progress** in improving and using country systems.

It is **necessary to go beyond aid information and transparency**, and ensure that **aid is on budget.** More concrete action is needed to ensure that aid is fully aligned to national public finance

For fragile states, **the G7+ process provides essential and differentiated guidance of how to improve effectiveness** and mutual accountability in particular.

In order to *move from aid to development effectiveness:*

South-South and triangular cooperation are already a strong part of the development landscape in Asia and the Pacific and can be strengthened through emerging good practices.

Defining roles and building partnerships with the private sector is a key priority for many partner countries and the inclusion of this area is seen as a very encouraging sign.

The participants **agreed with the focus taken on climate change finance in the Busan Outcome Document** and the importance of using country systems and supporting decision making within national planning and budgeting processes.

1. Background

As part of the regional process of consultations and peer learning in the lead-up to the Fourth High-Level Forum on Aid Effectiveness (HLF4) in Busan to be held from 29 November to 1 December 2011, Asian and Pacific governments gathered on 14 September 2011 in Bangkok to discuss, together with civil society organisations and development partners, the national and regional key priorities of aid and development effectiveness. Previous consultations included a back-to-back meeting with the Evaluation of the Paris Declaration in Copenhagen workshop (April 2011), a preparatory meeting ahead of the Working Party on Aid Effectiveness (WP-EFF) plenary in Paris and the 2011 Pacific Island Countries/Development Partners meeting in Nadi, Fiji (July 2011). The consultation was coordinated under the Capacity Development for Development Effectiveness (CDDE) Facility and supported by Asian Development Bank, Government of Korea, Government of Japan, UNDP and the OECD DAC. The regional workshop was organized in response to demand by partner countries for a regular process of peer exchange across countries to strengthen capacities for aid reform, as well as to enable regional perspectives and positions to inform the international policy process. The meeting was privileged to be closed by Ms Yoo Hye-ran, Deputy Director General, Republic of Korea and host of HLF4.

A total of 97 representatives of 19 partner countries including governments and national civil society organisations, as well as two regional civil society organizations, 11 development partners and with support from the OECD DAC, engaged in country-led and experience-based discussions on their aid effectiveness priorities. With CDDE Facility support eight country-specific¹ and one regional policy briefs had already been prepared in consultations with key stakeholders and were already available to guide the discussion. Importantly, the participants also had the opportunity to review sections of the still evolving Busan outcome document. A strong consensus emerged around the need to (a) reinforce the existing commitments through stronger accountability, and (b) consider further aid's role in the changing landscape of development effectiveness.

The WP-EFF members among the participating partner countries agreed to take these experience-based contributions on behalf of the Asian and Pacific group to the next WP-EFF plenary on 5-7 October 2011 in Paris, informing in particular the WP-EFF co-chairs, the Executive Committee and the global Partner Country Contact Group.

¹ The following countries participated in the process: Afghanistan, Bangladesh, Cook Islands, Indonesia, Nepal, the Philippines, Samoa and Timor Leste, which will be made available on <http://www.aideffectiveness.org>

2. General considerations

According to the participants in the regional consultation, the themes provided in the draft outcome document reflect the key priorities identified at the country level and discussed at the regional and sub-regional levels. However, from the partner country perspective in Asia and the Pacific there are key areas to be addressed in the further development of the Busan outcome document:

2.1. On the preparatory process for the Fourth High Level Forum on Aid Effectiveness in Busan

The preparation of the HLF4 Busan Outcome Document requires **a clear vision on who will negotiate and agree** the specific commitments and indicators for a post-Busan framework. The experience of the HLF3 in Accra, where last-minute commitments were negotiated “behind closed doors”, should be avoided using a horizontal and inclusive approach. Here, the Partner Country Contact Group will certainly play a critical role on behalf of all developing countries.

Preparing for Busan at the country level, Asian and Pacific partner countries request more guidance on **how to contribute in practice to the specific components of the HLF4**, in particular the Busan Building Blocks (BBB). The role of partner countries should not be limited to the presence of high-level representatives, but actually focus on providing practice-based contents and strategic orientation for the BBBs and other components. In addition, the WP-EFF should **broker between partner countries, development partners and other actors such as CSOs**, desiring to feed in to similar themes with their experience.

2.2. On the narrative of the Busan outcome document

The Busan HLF4 needs to re-energize the global commitment to the **Millennium Development Goals (MDGs)** and other existing development goals agreed at international and national levels. As development effectiveness is intrinsically linked to development outcomes, it will be critical to look beyond process and procedures, and **focus much more on development results** in terms of the MDGs and overall poverty reduction.

At this stage, it is imperative to fully recognize that aid effectiveness largely remains an **unfinished business**. The path of improving the quality and effectiveness of aid and cooperation needs to be continued.

It is critical to ensure that all development partners, including DAC donors and new players such as emerging donors, global funds, climate finance and private sector, endorse **universal principles and commitments** around aid quality. Specifications such as “those of us who committed through the Accra Agenda for Action” may be misleading as these existing principles also apply to broader development partnerships.

As underlying values for a renewed commitment to effective development partnerships, particularly in the face of crises, partners need to progress towards more **equity, greater honesty, increased trust, and risk-sharing**. These four values are at the core of both addressing key pending issues, such as the increased use of country systems.

The lessons learnt around the implementation of the Paris Declaration and the Accra Agenda for Action show that partnerships need to evolve in the medium- and long-term, with **multi-year commitments** which allow achieving actual development results and overcome shortsighted approaches to aid and development cooperation.

2.3. On clarifying the language

Some participants suggested the language of the Busan Outcome Document was ‘vague and confusing’. One key example is with regard to the definition of “provider of development co-operation” and “developing countries” (considering that developing countries consist of governments, civil society and a range of actors, and that they too can also be providers of development co-operation).

Importantly, more clarity is needed around the actors signing the proposed Busan Outcome Document. The expression “we” is misleading if **distinct roles and responsibilities** are not clarified along the lines of donors, new players, and partner countries. As indicated above, partner countries stressed that the principles and commitments made need to be universal for all development partners.

2.4. On strong accountability as a key factor for moving ahead

A key success factor for the HLF4 will be to maintain and deepen a **strong accountability around existing principles and commitments**, particularly where evidence shows slow progress. It needs to be acknowledged that several existing targets and indicators are not being met yet and partner countries see pending tasks on the development partner side. Countries from Asia and the Pacific also considered that addressing these shortcomings would require re-affirming key principles, and committing to pursue, within a stronger accountability, a set of associated targets and indicators as originally developed within the Paris Declaration and the Accra Agenda for Action.

Some partner countries, such as Afghanistan, have responded to slow progress from their development partners by initiating **donor-by-donor compacts** with specific targets, which is being seen as a feasible option to bring strong common and differentiated responsibility to the 'donor community'. This is an approach which might be considered in the Busan outcome document.

2.5. On provisions for monitoring and evaluation

The establishment of **clear time-bound and measurable targets is a necessary pre-condition** for stronger accountability. The current draft Busan outcome document does not yet provide these in a comprehensive way.

Several partner countries expressed their concern over the limited number of indicators included in some of the paragraphs (such as 7c, 7d, and 8b), while there was an overall consensus that the **targets should be geared towards 2015 initially**, while beyond-2015 indicators should also be taken into consideration.

Countries of Asia and the Pacific consider that the last round of Paris Declaration monitoring and evaluation has been successful in terms of generating knowledge and developing capacities at the country levels. Building on these lessons, the **post-Busan monitoring and evaluation framework** should be **very light at the global level, further decentralized** to the regions, sub-regions and/or specific groups of countries, and **decidedly strengthened at the country level**. In particular monitoring should be seen as a continued, regular process integrated into decision making processes at the country level to inform policy and promote greater accountability amongst partners.

As demonstrated in the post-Accra implementation process, **regional and sub-regional platforms are imperative** for peer learning among partner countries. The consultation highlighted the value added by mechanisms provided by the Pacific Islands Forum Secretariat as well as the CDDE Facility, which enabled governments and other national stakeholders, in particular CSOs, to share experiences on a peer-to-peer basis and mutually strengthen their capacities of managing aid and development.

3. On the Busan Outcome Document section *Realising change: specific areas for action by different stakeholders*

The two proposed sub-sections were generally seen to be useful and of equal interest to countries at the consultations. There was broad recognition that there was significant un-finished business within the *Improving quality and effectiveness of development co-operation* section. Likewise there was broad recognition that aid's relationship with other forms of development partnerships needed to be treated more systematically in post-Busan, as articulated within the *From Aid to Development Effectiveness* section.

4. On themes articulated within the *Improving quality and effectiveness of development co-operation* section of the Outcome Document

The participants agreed that the themes **reflect the key priorities of the existing aid effectiveness agenda** rooted in the 2005 Paris Declaration of Aid Effectiveness and the 2008 Accra Agenda for Action. It was stressed that it might be more useful to stick to the **original five-tier approach of the Paris principles**, instead of 'mingling' them in new clusters. The participants considered that more specific connections should be made to specific existing commitments.

4.1. Ownership, results and accountability

From the partner country perspective, it is imperative to **decidedly complete and strengthen mutual accountability** through enforcing the accountability of donors, which to a great extent fail to meet their commitments, while partner countries have engaged in large-scale and sensitive reform processes to live up with the aid effectiveness agenda.

Based on the experience in Afghanistan with donor compacts, a practical solution is to generate a **specific agreement with each development partner individually**, to agree on necessary changes and review periodically the performance of each donor.

The accountability of development partners also needs to apply to **new players**, in particular to emerging donors.

The **increased use of country systems** continues to be a top priority for partner countries. In this context, further debate is needed to address the possibility of **accounting for mutual progress** in improving and using country systems. Specific attention should be paid to the joint **assessment of the readiness** of country systems, for which countries such as Indonesia and Lao DPR have already established mechanisms.

Risk-taking and -sharing remain as essential pending issues in the unfinished agenda around using country systems, and should be more explicitly addressed as part of renewed and more equal partnerships.

While welcoming the detailed **gender-sensitive approach**, partner countries noted that it would be important to broaden this to include other types of inequalities. Other cross-cutting elements, such as **environmental sustainability** or **social responsibility** should also be given similar importance.

Next steps by participants: Several participants of this consultation agreed to gather again for the Seoul forum on results through an effective public sector and the Berlin workshop on sustainable development results, in direct preparation of the Busan HLF4 (for more details on these events, see annex 2).

4.2. Transparency and responsible cooperation

The concerns of partner countries in terms of **aid transparency** are well reflected in the proposed commitments. The quality of this section is rooted in the effective process generated around the International Aid Transparency Initiative (IATI). The standards developed under the IATI have been implemented in a number of countries such as Bangladesh, Lao DPR, Nepal and Timor Leste.

However, country experience shows that it is **clearly necessary to go beyond aid information and transparency**, and ensure that **aid is on budget**. More concrete action is needed to ensure that aid is fully aligned to national public finance, and its management is adapted to national budget cycles and calendars. It should be clear that use of country systems is a key priority, for which transparency is not a substitute.

A broader concern around responsible aid is that the focus should **shift towards development results**. To a certain extent, the current draft over-emphasizes sharing of information, while the shared accountability for achieving the MDGs and other development goals is only weakly reflected.

Aid fragmentation is well reflected as a key priority of partner countries as country capacities are often overburdened.

Next steps by participants: Several countries such as Afghanistan, Bangladesh, Cambodia, Lao DPR, Nepal and Timor Leste can share deep insights in Aid Information Management Systems and use of IATI standards.

4.3. Promoting sustainable development in situations of conflict, fragility and vulnerability

The participants stressed the **central importance** of including this agenda prominently in the draft outcome document, welcomed the coherence with existing agreements such as the Monrovia objectives and agreed with the specific mentioning of the Small Island Developing States.

In addition, it will be necessary to **fully recognize the G7+ process** and the international dialogue initiated around this group.

The text also needs to be updated on some of the more recently agreed priorities such as the models of F.O.C.U.S. (Fragility Spectrum; One Plan, Country Owned and Led; Country Compacts; Use PSG; Support Political Dialogue) and T.R.U.S.T. (Transparency; Risk-Sharing; Use Country Systems; Strengthen Capacities; Time, Fast and Predictable Aid). In particular, the need of flexible and adapted approaches to a **diversity of fragile situations**, which also includes countries undergoing democratic transitions, should be highlighted. Finally, the **concept of external shocks** should be further clarified (an example being “raising sea levels”).

Overall, this section should make some cross-reference to the need for **stronger mutual accountability**, in particular by enhancing development partner accountability (see section 2.1. above).

Next steps by participants: The members and partners of the G7+, such as Afghanistan, Nepal, Papua New Guinea, Timor Leste and the Solomon Islands, will coordinate strong contributions to the discussion of the Busan HLF4 on aid and development effectiveness in fragile states.

5. On themes articulated within the *From aid to development effectiveness* section of the Busan Outcome Document

There was a broad consensus that the themes stated in this section of the Busan outcome document are at the core of development effectiveness. Importantly, most partner countries are **already implementing initiatives** in these areas, so that lessons learnt are available at the country and regional levels. In more detail, the participants contributed the following contents and guidance:

5.1. Knowledge transfer for sustainable development

South-South and triangular knowledge exchange and peer learning are key priorities for Asian and Pacific partner countries, most of which are already engaged in regional and sub-regional platforms and mechanisms enabling them to **harness country experiences**. South-South and triangular cooperation is considered as highly adaptable as countries share similar challenges and opportunities. The participants agreed that it is useful to clearly differentiate this type of collaboration (knowledge exchange) from financial South-South cooperation.

While the clear focus on knowledge sharing was welcomed, participants strongly suggested **broadening the thematic scope**, which should not only be limited to social protection. It was further suggested that knowledge sharing should **go beyond actors at the level of national governments**. Key additional actors that should be included are local governments, CSOs, private sector, parliaments as well as practitioners in national institutions and from the diaspora.

The **effectiveness and quality** of South-South/triangular learning needs to be emphasized. **Good practices** should be systematized, disseminated and adapted. Principles such as ownership, alignment with national development policies and mutual accountability should be used as guidance for this type of cooperation. It was suggested that the crucial importance of embedding knowledge transfer in a sound understanding of local institutional context should be emphasized more.

In addition to good practices, the potential of South-South knowledge exchange can only be harnessed if **more systemic support is provided**, especially for smaller countries in the Pacific and the Mekong sub-regions, in terms of financing, improving institutional capacities and enabling exchanges in regional mechanisms.

Next steps by participants: The governments of Bangladesh, Bhutan, Cambodia, Indonesia, Japan, Korea, Nepal, Thailand, Vanuatu and Vietnam, as well as the Pacific Islands Forum Secretariat consider South-South and triangular cooperation a clear priority for their delegations (Bangladesh, Indonesia, Korea and Japan are already involved in the thematic preparation of a possible South-South component). Several Asian and Pacific participants will also take part in the Bogota workshop (see annex 2) validating good practices, policy recommendations and the provisions of a building block for the Busan HLF4.

5.2. Private sector and development

Defining roles and building partnerships with the private sector is a key priority for many partner countries, as **enterprises are critical elements of sustainable economic growth** which in turns can widen the fiscal space and consequently reduce aid dependence. Therefore, the inclusion of this area in the Busan policy process is seen as a very encouraging sign.

Enriching the existing proposals, the participants identified a series of gaps to be addressed. Importantly, there is a fundamental need to **differentiate between domestic and foreign private sectors** which take over distinct roles in national development processes. From the partner country perspective, it is key to strengthen the focus on **national Small and Medium Enterprises (SME)** as engines for sustainable growth, job creation and fiscal revenues.

The role of private sector in development needs to be fully embedded in existing and future **national and international regulations and standards on economic activities**. These need to be mentioned more clearly in the outcome document. In clear distinction from regulations, **Corporate Social Responsibility** is another element to take into account when engaging the private sector in the national development.

Public-Private Partnerships are an essential channel for including private sector in government-led processes in an efficient way. Experiences are already available in all countries throughout the region, especially in the areas of infrastructure, transport, communication, technology, and research and development.

Some countries such as Cambodia are already piloting the **involvement of private sector in national development fora**. However, participants also stressed that private sector is to be consulted as a key national stakeholders, while at the same time all efforts should be made to avoid that private sector players “hijack” public policy processes for their own interests.

Next steps by participants: A series of countries such as Cambodia, Pakistan and Thailand can share experiences in PPP and involvement of private sector in national development coordination mechanisms.

5.3. Combatting corruption and illicit flows

Participants stressed that corruption and illicit financial flows cannot be addressed without a clear approach to **improving good governance and the public sector** at the national level. The overarching elements for these challenges are related to transparency, right to information, oversight bodies (including CSOs and, importantly, media), and accountability.

Overall, there are already **far-reaching agreements** (such as the 2000 UN Convention against Corruption) and existing **national capacities and mechanisms** (such as oversight and anti-corruption bodies) in a number of countries which present opportunities to address the challenges.

In the area of corruption, it was stressed that corruption should not be presented as a malice that only exists in the public sector, and that it is important to **highlight the role of private sector organizations in corrupt practices**. In particular, partner countries highlighted the responsibility of governments of developed countries to regulate and oversee the activities of Multi- and Trans-National Companies in developing countries, which in occasions are deeply involved in corruption and do not take a constructive, respectful role in national development processes.

Next steps by participants: Vietnam, Cambodia, Bhutan and Nepal can share experiences with Anti-Corruption Commissions.

5.4. Climate change finance

The participants agreed with the focus taken on climate change finance in the Busan Outcome Document and the **importance of using country systems and supporting decision making within national planning and budgeting processes**. The potential use of aid or development effectiveness principles and associated targets and indicators for monitoring the effectiveness of climate finance as part of a country's overall access to development finance was seen as valuable. **More coherence between the UNFCCC process and the development effectiveness agenda** at the HLF4 was considered important especially in respect to ensuring mutually supportive reporting frameworks and minimizing transaction costs for countries. Importantly given the large sums of finance involved, participants expressed key concerns related to (i) the limited preparedness of countries to manage climate change funds, and (ii) the need for more support from development partners to help build capacities in this area.

Considering the sensitiveness of the political and financial commitments made under the UNFCCC, it might be wise to include a statement **clearly differentiating climate finance from Official Development Assistance**, as well as highlighting that a definition on "new and additional resources" should be binding.

Furthermore, a consistent country-led approach to managing climate finance through national systems should be reflected (text could be drawn from the outcome document from the Asia Pacific Climate Change Finance and Development Effectiveness Dialogue: *Roadmap to a country-led approach*). The specific situation and needs of Small Island Development States and Least Developed Countries should be more clearly reflected in this section.

Importantly, partner countries also stressed the need for debating and agreeing on **improved direct access to global climate finance**, not only with respect to the new Green Climate Fund, but also in

relation to the existing finance mechanisms such as the Adaptation Fund and the Global Environment Facility.

As **civil society** plays an essential role in climate change preparedness, more systematic access of CSOs to national and global climate finance needs to be explored with concrete options.

Next steps by participants: During the Asia Pacific Climate Change Finance and Development Effectiveness Dialogue 19 countries had supported the discussion of climate finance in Busan. During the HLF4 consultations governments of Bangladesh, Samoa and Nepal proposed to send high-level representatives (Ministers of Finance and similar) to discuss this theme in Busan. In addition, countries such as Bhutan, Cambodia, Indonesia, Philippines and Vietnam can contribute specific experiences with climate fiscal frameworks and innovative modalities. Better Aid asked to be formally recognized as a supporting partner to the Busan Building Block on Climate Finance and Development Effectiveness.

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Annex 1 - List of countries and organisations represented

1. Government officials representing environment, climate, finance, planning and local government, as well as civil society, from:

Afghanistan	Pakistan
Bangladesh	Philippines
Bhutan	Samoa
Cambodia	Solomon Islands
Cook Islands	Thailand
Fiji	Timor Leste
Indonesia	Tonga
Lao PDR	Vanuatu
Maldives	Vietnam
Nepal	

2. Representatives from development partners and international / regional organisations from:

Asian Development Bank	Mexico
Australian Government AusAID	New Zealand Aid Programme
Belgium	OECD Development Assistance Committee
Danish Institute of International Studies	Pacific Island Forum Secretariat Reality of Aid
European Commission	Swedish International Development Cooperation Agency
IBON	UNDP
Japan	World Bank

Annex 2 – The pre-Busan calendar of events

Date	Venue	Title of the event	Relevant for...
22-23 September 2011	Seoul, Korea	Delivering Results through an Effective Public Sector	Ownership, results and accountability
26-27 September 2011	Bogota, Colombia	Learning from South-South and Triangular Cooperation: Sharing Knowledge for Development	Knowledge transfer for sustainable development
28-29 September 2011	Berlin, Germany	Achieving Sustainable Development Results: Shaping the Agenda for the HLF-4 in Busan	Ownership, results and accountability
6-8 October 2011	Paris, France	Working Party on Aid Effectiveness Plenary and Meeting of the Executive Committee	Busan Outcome Document and HLF4 agenda
18-19 October 2011	Luxembourg	Working together to increase the development impact of aid (Second High-level Symposium of the UN Development Cooperation Forum)	Overall development finance agenda
18-19 October 2011	Juba, South Sudan	G7+ retreat in preparation of the Busan HLF4	Promoting sustainable development in situations of conflict, fragility and vulnerability