

**2006 Asian Regional Forum on Aid Effectiveness:
Implementation, Monitoring and Evaluation
18-20 October 2006,
ADB Headquarters, Manila, Philippines**

Forum Summary

Final

2 November 2006

***A more substantial Forum Report will also be developed,
providing more detail on the discussions.***

Moving the Paris Declaration forward in Asia

The Forum was an opportunity for constructive and open dialogue among a wide range of development practitioners and representing the principle of equal partnership.

The Paris Declaration is recognized as relevant and important across Asia. Forum participants agreed that the Paris Declaration is relevant and important for increasing the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the Millennium Development Goals (MDGs) across the region. The Paris Declaration provides a set of principles and commitments of global application to be applied at country level. However, Asia is the most diverse developing region in the world, with a vast range of country conditions and varying degrees of aid dependency. The Paris Declaration needs to be adapted to country conditions, through country-owned and led national aid-effectiveness programs developed in dialogue between partner countries and donors. The Forum recognized that there are many pathways towards improved aid effectiveness, and that countries need to determine their own priorities, pace and sequencing and aid modalities, building on their development achievement and learning from other success cases in the region.

Asian countries are recognizing that the Paris Declaration is an instrument for changing aid practices, and to advance the contribution of development assistance to national development goals. There is a strong consensus among Participants, from the donor, partner country and civil society sides, on the need for change, based on the commitments in the Paris Declaration. Changing aid practices for better results is a major undertaking, and there are costs and risks associated with the transition. The Forum helped to identify constraints and challenges, including the resource implications, and to identify successful innovations in practices that demonstrate the potential for and the value of change. While there was frank discussion of the scale of the challenges ahead, there was a clear commitment on all sides to sustain the momentum established at Rome, Marrakech and Paris.

The Forum presented new thematic and country evidence on aid effectiveness in Asia, and established the importance of evaluation and managing for results as overarching themes covering all dimensions of the Paris Declaration. Some countries have developed systematic programs for implementing the Paris Declaration, including by localizing aid-effectiveness commitments, developing national action plans, setting baselines and introducing monitoring systems. The Forum emphasized the importance of transferring these lessons and best practices and enhancing regional cooperation among partner countries as a means of encouraging greater engagement with the Paris agenda.

Ownership

The Forum strongly asserted country ownership as the foundational principle for improved aid effectiveness. The Forum welcomed the shift away from the use of externally imposed policy conditionality, and the development of more mature development partnerships in which donors support partner countries in the achievement of their national development goals. Participants recognized that country ownership must extend beyond government, to include parliaments and civil society.

The Forum recognized that stronger government capacity is a precondition for effective country leadership of the development process. It called for more systematic approaches to capacity development across all levels of government. More accurate, transparent,

comprehensive and timely information on aid flows, reducing reliance on parallel project implementation units, and the development of national aid databases, would also facilitate stronger country leadership and the progressive integration of ODA within national development plans and budget frameworks. One area of concern noted by the Forum was weak country ownership of much technical assistance, which is not demand driven, and represents a large share of aid flows. The Forum emphasized the importance of demand-driven assistance that is sensitive to the national development process in each country context.

Alignment

The Forum noted the progress that has been achieved in aligning external assistance with national development policies. However, alignment with country systems has proved a much more difficult challenge. Participants recognized that channeling assistance through strengthened country systems is the most effective way of engaging with their development. It also recognized that donors face accountability requirements that constrain their use of country systems. The Forum noted the importance of finding ways to increase the use of country systems, while at the same time directing sustained efforts at strengthening those systems and addressing corruption. A good example was found in the five Banks' initiative in Viet Nam.

Programme-based approaches (PBAs) have generally proved their value as an effective platform for advancing both policy and systems alignment, as well as harmonization among donors. PBAs are a flexible approach, able to accommodate different funding modalities, provided that they fit within a country-led planning framework, and rely on common arrangements.

Harmonization

The Forum recognized the importance of harmonization among donors, at strategic, programming and process level. Harmonization initiatives among groups of donors have helped to initiate progress towards greater aid effectiveness in many countries. The Forum noted that harmonization should be seen as a progressive step towards alignment and effective country leadership. Effective harmonization was also recognized as critical in responding to natural disasters and conflict. During emergency response, when speed is essential, achieving good division of labor among donors has been one effective approach. For reconstruction, multi-donor trust funds have proved a useful tool for harmonization, and for strengthening mutual accountability.

The Forum recognized that greater aid coordination including improving the division of labor among donors, based on their comparative advantage, strengthens aid effectiveness. Greater selectivity or use of delegated cooperation helps to streamline assistance and reduce transaction costs. It enables donors to engage more intensively in their areas of specialization. The Forum noted some good examples of joint country planning and analysis initiatives, which have helped to improve complementarity among donors.

Managing for results

The Forum recognized the importance of evaluation in supporting policy making and aid management, and ensuring that assistance remains focused on achieving development results. A culture of evaluation needs to be developed across the region, together with substantial investments in developing evaluation capacity. Participants discussed the options of

a global evaluation framework for the Paris Declaration, to help partner countries assess their progress and capture emerging lessons and good practices as we move towards the next High-Level Forum in 2008 in Ghana. The Forum was pleased to note the partnership efforts by partner countries and donors on establishing systems to monitor aid flows, and as seen in certain cases, monitor implementation on the Paris indicators, thus providing a foundation of useable information for better results management. A mechanism of more south-south learning in this respect is important for disseminating good practices and strengthening ongoing activities in the region as we move towards the Third Roundtable on Managing for Development Results to be held in Hanoi in February 2007.

Mutual accountability

A shared commitment by partner countries and donors towards improving development results is the basis of mutual accountability. This can be achieved through developing shared objectives and strategies, learning from good development examples from other countries in the region, greater transparency on aid flows and practices, setting baselines, and establishing joint monitoring and evaluation processes. Government's first line of accountability should be to citizens, through parliaments and civil society, who should be active participants at all stages of the development process. Where they are effective, policy dialogue including consultative groups work to advance the Paris Declaration and aid effectiveness. Each partner country and donor should consider how best to respond to trends in progress on Partnership Commitments and Indicators of Progress as these emerge overtime in the lead up to the next High-Level Forum in Ghana in 2008, and beyond.

Moving forward

The Forum noted a number of measures that could enhance implementation of the Paris Declaration across Asia.

There is a need for sustained and systematic capacity development across government on aid management and project implementation. This would be assisted by better integration of project delivery structures and unified incentives around aid programs. Capacity development should be provided to both finance and line ministries providing services to citizens, as well as to civil society which plays an effective advocacy and accountability role.

Donors need to address a series of institutional issues in order to enhance their efforts to implement the Paris Declaration. These include greater delegation of authority to country offices, providing adequate staff and resources, and creating incentives for changed practices across their organizations. There is also a need for greater information sharing and transparency among donors and with partner countries, and more harmonization on operational policies and business processes. The Forum also expressed support for continuing to make progress on untying of aid, as articulated in the Paris Declaration.

The Forum encouraged partner countries to take a more structured approach to implementing the Paris Declaration. Country-level action plans on aid effectiveness, greater use of independent or joint evaluation, and mechanisms for sharing lessons and experiences among partner countries can all help to support implementation. Day to day interactions between government and development partners underpin the implementation of the Paris Declaration. Donors should ensure that these interactions are based on a firm recognition of government leadership and be respectful of government ownership of the agenda. The Forum noted the importance of bringing emerging and non-traditional donors into the aid-effectiveness

processes and dialogue, and called for greater transparency of their assistance to other partner countries and welcome them into this joint exercise of increasing aid effectiveness.

Donors need to improve the quality and effectiveness of technical assistance by ensuring that it is demand driven and under country leadership. Partner countries should identify their own technical assistance needs and select appropriate assistance, and donors should better coordinate in providing this assistance. In order to make further progress ahead of the next HLF in 2008, it is necessary to identify specific examples of assistance which were not conducive to development, as well as examples of emerging best practice and to make sure all assistance is demand driven.

Donors should explore ways of developing country systems by using them more for aid delivery. The Forum acknowledged that donors should be able to move forward on systems alignment. Joint diagnostic work helps to increase transparency and build confidence. Donors should reassess institutional constraints on greater use of country systems, work to help capacity development to strengthen these systems where needed, and explore options for more flexible and harmonized practices.

Greater aid coordination including better division of labor and selectivity within donor programs is important for improving aid effectiveness. It promotes harmonization and alignment, while reducing transaction costs for both country partners and donors. Instruments such as joint country strategies can help donors identify and develop their comparative advantages.

There is a need for sustained investment by partner countries and donors in developing monitoring and evaluation capacity. Donors should harmonize and align their approaches to monitoring and evaluation, and help capacity development of partner countries' monitoring and evaluation. Partner countries should make greater use of results information for policy making and management. The Hanoi Roundtable in February 2007 provides an opportunity to further develop communities of practice and regional networks across Asia.

The Forum was pleased to note the determination of partner countries to take forward subregional dialogue to advance the implementation of the Paris Declaration.