Introduction

Distinguished Co-chairs,

Your Excellencies,

Ladies and Gentlemen,

I am delighted to be here today and to have this opportunity to deliver some introductory remarks at this important session. In line with the objectives outlined by the co-chair, I would like to raise some fundamental questions and issues for the consideration of participants. I hope these will help stimulate our discussion as well as help us move toward a consensus. I will focus my remarks on the priority actions that partner countries and donors could consider to scale up and accelerate implementation in order to enable our low and middle-income countries make progress on the aid effectiveness agenda. I will restrict my remarks on priority issues with respect to: first, ownership and leadership; second, alignment with country priorities, processes, and systems; third, harmonization; fourth, mutual accountability; and fifth, managing for results.

Ownership and Leadership

Distinguished Co-Chairs,

I believe we are all agreed that country ownership and leadership must be the foundation on which the aid effectiveness agenda must be built. Yet, we are also keenly aware that while considerable progress has been made in recent years, much still remains to be done, particularly in the low-income countries. A basic question that we could therefore consider is: What additional steps should partner countries take to ensure that their development strategies are adequately prioritized, constituent elements properly costed, and a results-based framework adopted? On the donor’s side, what complementary actions are required?

For partner countries I suggest that we consider and discuss the following issues: deepening reform programs and setting clear national priorities, despite the obvious difficult trade-offs involved; respecting spending limits and disbursement commitments agreed-to in multi-year expenditure frameworks; and fully disclosing the use of resources, both ODA and national, to build citizen’s and donor confidence in partner country budgets?
Donors, on their part, could consider reducing and changing the nature of conditionalities that are often attached to their assistance, in order to encourage and support country ownership. Donors could also consider alternative ways of providing support to capacity development as the ability of a partner country to ensure ownership and assert leadership is obviously dependent on its institutional and human capacity. In this regard, I believe we should ask: What alternative capacity development strategies should donors adopt to replace the currently fragmented and often ineffective approaches?

**Alignment with Country Priorities and Systems**

Distinguished Co-Chairs,

With regards to the alignment agenda, we all agree that enhancing development effectiveness is highly dependent on donors aligning their support to country priorities and progressively relying on country systems. However, it is evident that, here too, we will need to accelerate the progress on the ground, both for low and middle-income countries.

The reluctance of some donors to align their support to partner country systems and operational frameworks is often based on their assessment that country processes and systems have yet to reach desired standards, particularly with respect to fiduciary controls. Under such circumstances, an important question that we could consider is whether donors should refrain from unilaterally setting conditions outside the national development framework, as such practices could exact a serious burden, particularly on low-income countries, and impede the alignment process.

Another related issue is the importance of donors adopting a gradual alignment approach while at the same helping partner countries upgrade their systems. It needs to be stressed, in this regard, that waiting until country systems fully comply with all or most donor’s requirements could delay considerably -- or even defeat -- the alignment agenda. On the other hand, it is critical that partner countries fully commit themselves to required changes and adopt a roadmap for building the required capacity.

**Harmonization**

With respect to harmonization, I believe the general consensus is that here too much progress has been made, particularly with respect to reducing transaction costs of delivering and managing aid. The challenge before us is now to move beyond the initial gains and tackle some of the more difficult institutional rigidities that all donors face in varying degrees.

In this regard, it is evident that we will need to consider changing the incentive systems within donor organizations to promote greater harmonization in addition to putting in place more robust enforcement regimes. And based on the harmonization experience
since Rome, we also need to ask: What additional steps we could consider to encourage greater donor use of common arrangements as well as intensify delegated cooperation, to reduce fragmentation and increase donor complementarities?

**Mutual Accountability**

Distinguished Chairs,

Related to both the alignment and the harmonization agendas is developing systems for mutual accountability based on agreed development outcomes. On the side of partner countries, this requires developing effective development strategies, clear priorities, implementing agreed programs in an open and transparent manner, and adhering to commitments made to achieve agreed monitorable results. Donors, on their side, would need to commit themselves to multi-year support and monitorable actions to improve the effectiveness of their assistance.

An important question that we would need to discuss in this regard is the difficulty that a number of donors may face in committing themselves to multi-year budget frameworks and to untying aid. Under such conditions, what other approaches could be used to give more assurance to partner countries and reduce aid volatility? A related question for donors is the importance of maintaining national support for ODA in the context of enhanced harmonization, reduced attribution, and untied aid? Can global indicators on the MDGs and country level progress be used to build and maintain national support? And what role could parliaments and civil society partners play in building national support for expanded development assistance?

**Managing for Results**

The final topic on which I would like to pose some questions for discussion is on Managing for Results. Obviously, managing for results is not simply about indicators, monitoring, and reporting, as important as these are. It implies rather a fundamental change in development approaches focusing on development results rather than on processes. It also implies using development resources more effectively to achieve agreed results and enhancing accountability on the use of such resources.

For partner countries, this approach requires not only that national development strategies are adequately prioritized and constituent elements properly costed, but that clear development outcomes at all levels are also stipulated. While middle-income countries may have the institutional capacity to adopt such an approach, it may prove more difficult for low-income countries. This is particularly the case with respect to having in place effective national statistical systems that produce reliable data. For donors, harmonization and alignment would require that they rely increasingly on partner country results reporting and monitoring frameworks. An important question that I believe we should therefore consider is: How best we can build up capacity at the country level that would
indeed provide both partners countries and donors the required reliable data and information?

Concluding Remarks

Distinguished Co-chairs,

Your Excellencies,

Ladies and Gentlemen,

I believe the issues I have enumerated above highlight the demanding implementation agenda that lies ahead for both partner countries and donors alike. Despite the considerable challenge, I am confident that with the renewed commitment and vigor that is being displayed at this high-level meeting, we can indeed live up to the high ideals of the Paris Declaration on Aid Effectiveness.

I thank you for your kind attention.