

## **PRESS RELEASE**

### **DONORS AND DEVELOPING COUNTRIES AGREE TO REFORM AID IN THE THIRD HIGH LEVEL FORUM ON AID EFFECTIENESS HELD FROM 2 to 4 SEPTEMBER, 2008 IN ACCRA OF GHANA**

On September 4, 2008 in Accra of Ghana, developed and developing countries agreed to take bold steps to reform the way aid is given and spent. After three days of intense negotiations, they endorsed the Accra Agenda for Action (AAA). Developing countries have committed to taking control of their own future. Donors have committed to coordinating better amongst themselves. Both developing countries and donors' signatories to the AAA have pledged to hold accountable to each other and their citizens.

A three-member Nepalese delegation led by Mr. Krishna Gyawali, Joint Secretary and Head of the Foreign Aid Coordination Division of the Ministry of Finance and accompanied by Mr. Lal Shanker Ghimire and Mr. Narayan Dhakal, officials from the same Division, participated in the forum.. Apart from the government delegates, there were participants from civil society organizations (CSCs) and also the Parliamentarians from around the developing world.

Nepal was the first speaker in the Speaker's Corner of the parallel session- "Marketplace of Ideas", launched immediately after the plenary session. Mr. Dhakal presented three success cases of aid effectiveness displayed in the Poster- Nepal Peace Trust Fund, Education SWAP and Health SWAP. Participants raised questions regarding the challenges faced during SWAP implementation and Nepal's priority and plan on tourism development. Mr. Gyawali and Mr. Ghimire responded to the queries. The session was of informal and interactive nature.

The Accra Agenda for Action is the product of an unprecedented alliance of development partners – developing and donor countries, emerging economies, UN and multilateral institutions, global funds and civil society organisations. They all participated in the discussions leading up to the Third High Level Forum on Aid Effectiveness, hosted by the Government of Ghana and organised by OECD and the World Bank, in Accra.

Forum participants used as a baseline the development goals set out in the Paris Declaration on Aid Effectiveness signed in 2005. Their discussions on the need to make aid more effective were based on consultations with more than 80 developing countries, all OECD donors and a large number of civil society organisations from around the world.

Evidence from a survey of 54 developing countries provided the factual basis for these discussions. Evaluations of 19 countries (8 recipient and 11 donor countries) currently implementing the Paris Declaration also lent critical evidence of where action is needed.

Key points agreed in the Accra Agenda for Action include:

- Predictability – donors will provide 3-5 year forward information on their planned aid to partner countries.
- Country systems – partner country systems will be used to deliver aid as the first option, rather than donor systems.
- Conditionality – donors will switch from reliance on prescriptive conditions about how and when aid money is spent to conditions based on the developing country's own development objectives.
- Untying – donors will relax restrictions that prevent developing countries from buying the goods and services they need from whomever and wherever they can get the best quality at the lowest price.

Nepalese delegation made an intervention on roundtable on the theme of "Alignment" (i.e. donors should align with the local system, local priority and local institutions) and spoke about the current situation of Nepal and its agenda for all-out transformation of the state and society. The delegation stressed that the conventional way of doing business cannot produce intended outcome anywhere in the developing world, including in aid transaction.

In addition to the scheduled events, Nepalese delegation also managed to meet with some bilateral and multilateral donors on the sideline and had in-depth interactions about the issues and agenda of mutual interests. Nepalese delegation met with DFID, Japan, Norway and Asian Development Bank. During the meetings, Mr. Gyawali communicated the status of the projects/programmes funded by the respective donors and the current priority areas/sectors of the Government of Nepal where more resources will be needed. Thanking each donor for their support in the socioeconomic development of Nepal, Mr. Gyawali also urged them for speedy transition from the existing project mode to program mode and also for expanding the current multi-donor, multi-year and program-based sector wide approach (SWAP) to a broader General Budgetary Support framework with the multi-donor commitment as already initiated in some developing countries. Donors sounded largely positive to the Nepal delegation's this request, but stressed on putting in place the adequate and proper safeguard mechanisms by the recipient. They were happy to recognize that Nepal has been implementing sector wide approach (SWAP) in Education and Health Sectors successfully.

The full text of the Accra Agenda for Action can be found at: [www.accrahlf.net](http://www.accrahlf.net)

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