

## **Stakeholder Forum**

***“Role of national and local stakeholders in contributing to aid quality and effectiveness”***

**FAO Headquarters  
12-13 June  
Rome, Italy**

The Stakeholder Forum was organized by the United Nations in cooperation with the IPU and other partners (CIVICUS, Action Aid, United Cities and Local Governments). The Forum brought together representatives of parliaments, civil society and local governments to discuss the role of these actors in strengthening aid quality and effectiveness at the country-level. Members of parliament met amongst themselves on the first day of the Forum before joining representatives of the other groups for a joint discussion on the second day. What follows below are the main conclusions of the parliamentary meeting that took place on 12 June.

Key messages and recommendations from the Rome meeting were fed into discussions at the Development Cooperation Forum (DCF) of the Economic and Social Council of the United Nations on 30 June and 1 July.

### **Session 1: aligning aid to national development strategies**

Parliaments, as the representatives of the people, should play a more active role in planning, implementing and assessing national development policies and plans. Although more parliaments are being consulted on Poverty Reduction Strategy Papers and other national development plans, this consultation does not yet go deep enough. And very few parliaments are consulted about aid policies and plans.

Because there are limits to what parliaments can monitor, they should focus above all on “macro” level issues – national development strategy, budget, and aid policy, rather than individual loan and grant agreements.

As an important prerequisite for the fulfilment of their oversight role, parliaments, especially in partner countries, need adequate and sufficient information. Many parliaments have only scant knowledge of what kind of aid comes into the country and how it is used. Some parliaments even depend on information from donors rather than from their own sources. Parliaments should also make much better use of information and policy analysis from civil society organizations, independent think tanks and local authorities. There is need for dramatic strengthening of interaction between parliaments and the auditor general, where that office exists, which should report directly to parliament and focus on results.

Ensuring the alignment of aid to national development plans will also require stronger interaction between parliaments, local governments and civil society, especially given that the latter two groups have a key role in ensuring and evaluating results at the grassroots level. Such interaction should not be ad hoc but organized in the appropriate setting and at regular intervals at both the national and constituency levels. Interaction may take various forms, including testimony to parliamentary committees and hearings, whistle blowing to auditing institutions, and the inclusion of these actors in participatory evaluations.

Parliaments should establish separate development cooperation committees or sub-committees in order to ensure more detailed scrutiny of aid plans, policies and their implementation. It is essential that all aid from all sources be coordinated with the development strategy and recorded on budget, in order to give parliaments a better overview of how aid is aligned to national development strategies.

Capacity building of parliaments in partner countries is key to enable them to analyze development strategies, budgets, and results-oriented audits. This is especially true for parliaments in post-conflict countries. Capacity building should include the improvement of MPs' working conditions and research support. South-South exchange of information on best practices in parliaments should also be encouraged as a capacity building modality. Similarly, donor and partner country parliamentarians should exchange information and best practises.

## **Session 2: reforming conditionality and tied aid**

Many donor countries are shifting from outright conditionality towards building the capacity of partner countries for good governance. However, donors must invest much more in good governance and fundamental democratic processes in partner countries. This includes strengthening controls and procedures that aim at improving transparency, checks and balances, and overall accountability. Aid given in support of parliaments should go directly to them.

When conditions are applied, they should always be transparent and acceptable to all concerned. From this perspective, it would be more appropriate to refer to "mutually agreed objectives" instead of "conditions". The problem typically is that conditions are negotiated behind the backs of parliaments, as well as of civil society and others. Conditions must be fully owned in the sense that they are derived from a nationally-led consultation process. One condition that makes particularly good sense is that parliaments and civil society actors be duly involved in the making of development plans and monitoring of their implementation.

There should also be a balance between conditions and the aid given: it does not make sense to apply complex requirements for small aid allocations. Conditionality carries its opportunity costs in terms of reporting procedures and other requirements that must be followed and that can divert scarce resources from core development activities.

Regarding tied aid, of course parliaments agree that the practice must come to an end, and that partner countries must be in the driver's seat when it comes to their own procurement decisions. One key issue at the source of the problem is that parliaments and governments in donor countries are too exposed to the influence of industry lobbyists. So one way to go about untying aid is the implementation of stronger anti-lobby legislation.

### **Session 3: assessing aid modalities such as budget support, project aid and technical assistance**

From the perspective of parliaments, budget support is the best aid modality because it affords more direct oversight while keeping transaction costs down and ensuring more direct alignment of aid with national development plans. It must continue to increase vis-à-vis project support and technical assistance. A portion of budget support should also aim at strengthening national structures to ensure transparency and accountability. While not favoured as an aid modality, project support may be useful for specific needs when required and adequate.

To work effectively, budget support as an aid modality will require enhancing the role of parliament in the budgetary process in partner countries. The problem is that in most partner countries the parliament's budgetary role is limited to the very end of the process when the budget comes up for adoption. In some cases, this may come from the constitutional and legal framework, which would need to be reformed; but in most cases it is a reflection of an overbearing executive branch.

At a minimum, parliament should have an opportunity to debate financing of the government budget through presentation of an annual report by government, either annexed to the budget or separate. Another way for parliaments to be more involved in the budgetary process is by more direct consultation with communities around the country, including civil society organizations, to assess needs on the ground and how they are being addressed by the government's budget proposal.

In performing their budgetary role, parliaments must ensure that all aid and loans from bilateral and multilateral donors, NGOs, local authorities and others should be included in development budgets and subject to parliamentary oversight.