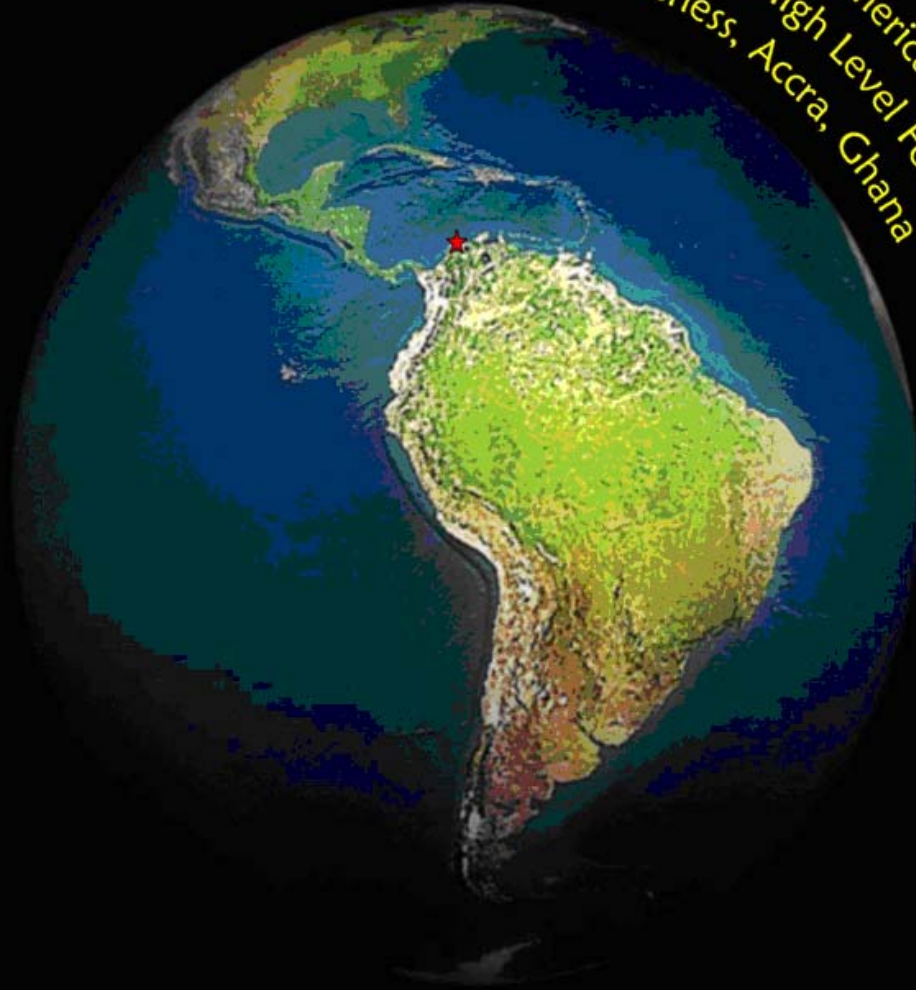




Regional Preparatory Meeting for Latin America and
the Caribbean for the Third High Level Forum
on Aid Effectiveness, Accra, Ghana



**Preparation for HLF-3:
The Road to Accra
Latin America and Caribbean Consultation
Santa Marta, Colombia, 5-6 June 2008**

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Report from the
Regional Consultation of Latin America and the Caribbean
In Preparation for the Third High Level Forum on Aid Effectiveness

1. On June 5-6, 2008, the Government of Colombia—through Acción Social Presidential Agency, with the support of the Ministry of Foreign Affairs—and the Inter-American Development Bank convened the Latin American and Caribbean regional consultation in preparation for the Accra High Level Forum (HLF).¹ About 100 participants gathered, representing some 17 partner countries, 7 donor countries, 5 international organizations, and 13 civil society organizations.

2. The purpose of the consultation was to review the progress made in the region—by both partner countries and donors—toward the commitments made in the Paris Declaration and to set out messages from the region to be used in preparing the Accra HLF and in drafting the Accra Agenda for Action (AAA). A significant feature of the agenda was nine roundtables—on the same subjects as the roundtables planned for Accra—that allowed participants to bring a regional perspective to those subjects. (Summaries of the main messages from each of the roundtables can be found in section 6 of this report.)

3. The spirit of the meeting was collegial. Participants were highly engaged, and the discussions were generally quite substantive. The overall messages were that many countries have made progress in many of the aid effectiveness areas of the Paris Declaration, although they realize that there is much more to do. Participants made it clear that countries in Latin America and the Caribbean—most of which are middle-income countries—are looking for ways to apply the Paris Declaration principles to their particular circumstances. Because they have much to offer one another (and other countries), they are strong advocates for South-South and triangular cooperation and recommend that this approach be included in the AAA. (The summary of the recommendations for the AAA can be found in section 9 of this report.)

¹ Other sponsors of the event were the World Bank, OECD-DAC, DFID, Canada International Development Agency, Swedish International Development Agency, and Spanish Cooperation.

1. REFLECTING ON ACHIEVEMENTS AND LIMITATIONS OF THE PARIS DECLARATION IN LAC COUNTRIES

Fernando Araújo Perdomo, Foreign Affairs Minister of Colombia

Mr. Araújo Perdomo laid the groundwork for the conference, expressing the honor the Colombian Government felt in hosting the event in Santa Marta. He encouraged participants to join in open dialogue and to share perspectives on international cooperation for the development of the LAC region, noting the importance of input to the Accra Agenda. Colombia is especially interested in recognizing important emerging issues such as prevention and mitigation of climate change and natural disasters, international food prices and safety, protection of global public goods, institutional strengthening at the local level, and reduction of asymmetries within countries and between regions.

Mr. Araújo also said that international aid can support regional integration processes, leveraging of trade agreements, and facilitating entry into international markets. He reaffirmed Colombia's commitment to contribute its experience in strategic development framework, and called attention to such issues as "democratic ownership" and South-South cooperation. He also emphasized the importance of recognizing the particular features of middle-income countries, whose specific conditions are hardly acknowledged in the Paris Declaration. He closed by thanking the various organizations and countries that had supported the organization of the event.

Mr. Koldo Echebarría, Manager, Office of Strategic Planning and Development Effectiveness, IDB

Mr. Echebarría extended his thanks to the Colombian government for hosting the event and acknowledged the other sponsors. He reminded representatives that the purpose of the Paris Declaration (PD) is to unite donors and beneficiaries, and that in addition to harmonization it should lead to national growth. However, he said, national growth is only possible with strong governments that have the proper national systems in place to execute financial management and procurement processes. He highlighted three key elements for the Latin American region: (a) increased South-South cooperation; (b) strengthening of public goods; and (c) full implementation of the PD principles. Finally, he endorsed joint responsibility between donors and partner countries in building a development framework strategy and commented on the new international position of the middle-income countries (MICs). He said that the Santa Marta conference should provide a space for interested stakeholders to further develop their ideas on financial and nonfinancial aid instruments.

2. THE HLF3 MEETING WORK PLAN

Sandra Alzate Cifuentes, Director, Presidential Agency for Social Action and International Cooperation

Ms. Alzate Cifuentes provided a historical background on the aid effectiveness agenda and events leading to the Third High Level Forum (HLF3), which will be held in Accra, Ghana, in September 2008.

- Preparation for the HLF3 in Accra.
 - 5 regional preparatory events have been organized in preparation for the HLF3 forum:
 - Fiji for Pacific Island countries
 - Bangkok, Thailand, successively for East Asian, Southeast Asian and Central Asian countries
 - Kigali, Rwanda, for African countries
 - Santa Marta, Colombia, for Latin American and Caribbean countries
 - Jeddah, Saudi Arabia, for Middle Eastern countries
 - Roundtables focusing on the nine themes of the Accra HLF Roundtables have been held in each of the five Accra HLF preparatory meetings.
- Objectives of the preparatory forum in Santa Marta
 - The AAA should be available for participants to review the implementation strategies and further extensions that should be considered for the PD.
 - As LAC participation has been weak in previous years, this forum should be seen as an opportunity to express the Latin American and Caribbean vision for aid effectiveness.
 - An agenda for the future should include at least the following:
 - A statement on implementation and limitations
 - Inputs from the 9 roundtables
 - Points that are common to all countries in the region

3. WORDS FROM MR. JB SIRIBOE, DIRECTOR OF THE MINISTRY OF FINANCE IN GHANA. (VIDEO)

Mr. Siriboe welcomed those who would be attending the Accra HLF in September. He noted some of the key points that would be addressed in Accra and said that this event would be an opportunity for everyone involved to reflect on how well aid effectiveness is being managed globally.

He encouraged the participants to think constructively and to “take stock” on PD implementation, including positive and negative points of view regarding aid management at the country level. In a closing note, he urged partner countries to take charge of the situation, stating that development partners will “think for us and try to do what they think is good for us” if we do not articulate our proposals. Finally, he highlighted that development partners must be informed of what they are doing well and what they are not doing well, and said that the evolving aid architecture offers new opportunities for change.

4. REPORT ON SURVEYS

Bruno Moro, Resident System Coordinator for the United Nations in Colombia

Mr. Moro presented results from the 2005 and 2008 surveys on implementation of the PD. He considered the increased number of countries participating in the survey (56 in 2008, 38 in 2005) as a sign of success. Results from 53 out of the 56 countries that participated were reported.

Initial findings demonstrate that on the global level there has been limited progress. Behavioral change appears to be a long-term process that requires persistence from donors and partner countries. It was noted that those who have adopted the principles of the PD are making progress, and that ownership and leadership are keys to promoting aid effectiveness.

More specifically, findings from LAC evidenced strong progress in the use of country systems and on reducing duplicate efforts among donors. Nonetheless, predictability on aid flows revealed only modest progress. There was a notable tendency for donors in MICs to rely on country systems, which is likely a reflection of their greater degree of development when compared to low-income countries. A subsequent survey is planned on the monitoring and evaluating process for LAC.

Brenda Killen, OECD (Report on 2008 Surveys)

Brenda Killen, Head of the Aid Effectiveness Division of the OECD, summarized the survey process, the main outputs and timelines, the preliminary results of the 2008 survey for Latin America and the Caribbean, and the preliminary results for MICs.

The survey was launched on 2 January 2008 in 56 countries. Five UNDP Regional Survey Roll-out Workshops, including one in Nicaragua, involved 70 countries and drew 250 participants. During the survey period, the OECD/UNDP/World Bank HelpDesk responded to more than 130 questions received from more than 40 countries and donors. Since the survey was launched, 53 of 56 participating countries have submitted results, including the 7 LAC countries of Bolivia, Colombia, Dominican Republic, Haiti, Honduras, Nicaragua, and Peru.

The preliminary results for LAC countries showed that the true value of the survey lies in the dialogue process among partner countries and donors. Progress is limited at the global level, so substantial efforts must be made to meet targets for 2010. However, countries that have embraced the PD seriously are making progress. Country ownership and leadership appear to be key factors to improve aid effectiveness at the national level. Latin American indicators showed that aid flows were less aligned with national priorities in 2007 than in 2005; and there was no indication that aid has become more predictable.

In MIC countries such as Bolivia, Colombia, Dominican Republic, Honduras, Nicaragua, and Peru, the use of country systems is higher since multilateral institutions are likely to use them. However, the results showed lower levels of aid reflected on the budget, which could be explained by the

fact that concessional loans and grants are allocated to official and quasi-official entities at the local level

John S. Eriksson, World Bank (Evaluation of the Declaration)

Noting that 155 governments, international organizations, and NGOs have adhered to the PD, John Eriksson said that this upward trend confirms that the PD is a living document with continued endorsement from new governments and entities. He summarized the main findings and recommendations from the first phase of the PD evaluation process.

Eight partner countries and 11 donor organizations developed evaluation frameworks jointly. At the country level evaluations were completed by Bangladesh, Bolivia, Philippines, Senegal, South Africa, Sri Lanka, Uganda and Vietnam (self selected), which were broader in scope and more challenging than the donor evaluations. Donor agency self-evaluations were completed by nine bilateral and two multilateral organizations: AsDB, Australia, Denmark, Finland, France, Germany, Luxemburg, Netherlands, New Zealand, UK, and UNDP/UNEG.

The main findings from these evaluations:

1. The need for a political agenda and not only a technical discussion on PD indicators.
2. Differing expectations and uses of the Paris Declaration.
3. Lack of flexibility to deal with different contexts.
4. The role and limits of the monitoring indicators.
5. Synergies and tensions among commitments.
6. Transition and transaction costs,
7. Ownership was important in all studies, but alignment was more important for countries and harmonization, managing for results, and mutual accountability were more important for donors.
8. Similar findings among countries, but some significant differences.

The results of the evaluation will also be presented at the Accra HLF, in addition to thematic studies on untied aid, fragile states, and state capacity building. Some final recommendations were offered to countries as follows: (a) by the end of 2008, announcing prioritized steps to strengthen leadership of aid relationships; (b) developing a legal mechanism for monitoring and public participation on aid management and reforms; and (c) providing donors with clear guidelines on country priorities for capacity-strengthening support.

Final recommendations to donors included (a) updating legislature and public reforms needed before 2010; (b) announcing plans to delegate more authority and skills to the field by 2010; (c) adding budget, staffing, and training to deal with technical cooperation; and (d) providing resources, including technical assistance, to support country capacity building.

Elizabeth Ascarrunz, Assistant to the Planning and Development Ministry of Bolivia

(Perspective of an Evaluated Country)

Ms. Ascarrunz explained Bolivia's experience with evaluating the PD process, and the emerging results and conclusions of implementing the PD principles in the country.

Since 1999, Bolivia has participated in nine agreements on aid effectiveness, including the Rome HLF, the Marrakech Memorandum, and the PD. The PD evaluation process in Bolivia has shown that clarity, relevance, and coherence determine the effectiveness of aid in a partner country. Donors and national governments must be committed and must have the capacity and incentives to make aid effective for the recipient country. Other key elements were institutional stability; clear state policies; mechanisms for dialogue and inclusion of different stakeholders; sound sector policies; decentralized, inclusive, and transparent administrative systems; and social accountability. These recommendations apply not only to Bolivia, but could be useful for different countries and regions.

In regard to the results of the evaluation based on the PD principles, the key findings were as follows:

- (a) Ownership requires institutionalized mechanisms for disseminating, tracking, and evaluating PD commitments at the government level. Similarly, strong national leadership is essential to build solid relationships with donors and lead institutional reforms. The capacity of governments and donors to support institutional changes is relevant to translate PD commitments into concrete actions in the short and medium terms.
- (b) In regard to alignment, development results are more visible when aid targets national priorities. The country had modest progress on aid predictability and solid aid agreements.
- (c) The EU members' Code of Conduct has provided good experiences on harmonization and has revealed the need to focus donor coordination efforts at the sector level.
- (d) Managing for results is one area in which Bolivia showed slow progress. Thus, it was recommended to improve information systems to allow for a better planning and decision making process.
- (e) The results of the evaluation on mutual accountability revealed that solid coordinating mechanisms for international cooperation and systematic joint evaluations are strategic means to improve a committed follow-up on PD principles.

5. DAY 1 - DIALOGUE ON COUNTRY-SPECIFIC INTERESTS

Countries, international development institutions, and civil society organizations expressed their perspectives, challenges, and proposals regarding key elements influencing PD implementation at the national and regional level. The key messages could be summarized as follows:

- Middle-income countries, which are not dependent on international aid, have stronger planning systems that allow a more coordinated and horizontal relationship with international cooperation institutions. However, the PD agenda is highly relevant for MIC countries since it complements their efforts on institutional strengthening for planning, budgeting, and monitoring and evaluation. Also, aid for MIC countries can help them overcome persistent internal asymmetries.
- Strengthening national capacities for designing results-based budget frameworks that reflect national priorities and donors' commitments for the medium and long term is pivotal for improving mutual accountability and transparency on aid management.
- South-South cooperation should be recognized as an important tool both for increasing knowledge sharing and improving capacity development in the region.
- PD monitoring instruments should take into account differences among countries and regions and avoid generalization of results or trends in a specific region.
- Countries such as Mexico have been actively engaged in supporting South-South cooperation in the LAC region and have highlighted the need to focus technical assistance on developing human resources capacities for aid management.
- It is important to understand the political nature of the relationship among donors and countries in the region, since different actors may not share the PD harmonization principles and may prefer bilateral negotiations for cooperation agreements.
- In spite of the capacities in the LAC region, donors have not used country systems sufficiently. To promote national capacities and systems, countries propose supporting exchanges of experiences among countries.
- The PD monitoring survey should use indicators of national systems to determine how well the targets are aligned with national priorities. It was also proposed to include resources from NGOS in the survey, as well as alternative modalities of aid such as South-South cooperation.
- Participants emphasized the need for the aid effectiveness agenda to address cross-cutting themes, particularly gender, since aid efforts are not reaching women effectively.
- States in fragile conditions, such as Haiti, highlighted the relevance of the PD principles to support national development efforts. However, the country has learned that ownership does not go hand in hand with alignment. Although some collective alignment with donors does exist, most donors have their own agendas and priorities. The principal challenge for Haiti now, according to the country's representative, is developing the mechanisms to channel international aid to national systems.

6. ROUNDTABLES 1-9

Ownership

Main Messages for Accra

Ownership is an issue of sovereignty; the development agenda is based on the country's long-term vision, not the donors' priorities.

- Democratic ownership goes beyond the central government to involve all the actors in the state: parliaments, subnational governments, citizens, communities, and civil society organizations, including women's organizations.
- Country ownership requires an inclusive dialogue with a wide range of actors, to guarantee that development interventions improve people's lives.
- Ownership has a political basis and is implemented in a technical way.
- Capacity development facilitates and promotes ownership by strengthening national institutions and capacities

The role of donors is to align their programs with the country's development agenda.

- Both financially and technically, they should help countries build ownership capacity—technical capacity, capacity to consult and negotiate, and aid management capacity—through a constant dialogue with partner countries.
- Long-term development planning is closely linked with aid predictability, including in those countries where aid dependency is low.
- It is important to recognize the importance of South-South and triangular cooperation in helping partner countries build capacity.
- Two priority objectives in the region are to reduce inequality and strengthen democratic institutions, and the international community should give particular attention to these objectives.

Ownership can take many forms.

- It is often, but not always, expressed in a development strategy or national development plan.
- Especially in Latin America, there may also be sub national development plans, which also express ownership. They may not always be consistent with the national plan.
- Available procedures and indicators to monitor ownership are insufficient.

Donor harmonization has both positive and negative aspects.

- Some countries feel that donor harmonization undermines ownership
- Ownership, alignment, and harmonization together can help ensure the continuity of commitments in the case of change of government.
- Donors should harmonize their procedures and approaches to align collectively with the country's agenda.

Alignment

Main Messages for Accra

The discussion during the session was structured around three main characteristics of the principle of alignment: (a) use of public financial management and procurement (PFM&P) systems; (b) predictability of aid; and (c) tied aid.

- It was recognized that there are varying practices among donors in the use of country PFM&P systems.
- Several participants agreed that use of country systems by donors has many benefits for the partner country since it helps to strengthen country systems, reduces the transaction costs of aid, and speeds up implementation. It was seen as a key ingredient of ownership.
- In the case of general or sector budget support or sector basket funds, country systems are used and aligned to the priorities of the partner country. One participant observed that the decision by some donors to move to fully aligned basket funding in a particular sector allowed the ministry, for the first time, to be able to manage its acquisition policy and have a say in the equipment it would purchase. The resulting benefit in terms of capacity strengthening is obvious and immediate.
- Changes of government can cause brutal changes in country priorities. This risk was put forward by one donor participant as a reason for a limited use of country systems. Other participants agreed, however, that changes in country systems usually require the adoption of laws, which takes time, but cited a recent example in the region which showed remarkable continuity in that government's priorities.
- It was observed that engaging in budget support allows donors to discuss with governments, at a wider level, their sector priorities. One participant noted that the Paris Declaration indicators on alignment focused too much on country systems and that the indicators used do not really capture alignment to country priorities.
- Participants agreed on the need for institutional strengthening to promote the use of country systems.
- It was observed that partner countries, including middle-income countries, need support and resources to build their capacity; but in reality there has been no significant increase in the quantity or quality of such support since the adoption of the Paris Declaration.

- It was agreed that in the case of budget support, aid predictability is important for development results. On the other hand, conditionality could bring a degree of unpredictability, depending on the level of ownership of the conditionalities.

Recommendations

- While participants acknowledged the limits inherent in the annual budget cycle of most donors, it was proposed that partners should engage in political dialogue where commitments of support would be considered for medium-term programs and plans.
- Participants requested that transaction costs associated with tied aid (both for services and for goods), coupled with unpredictable aid flows, should be thoroughly revisited by donors and addressed since they bring additional burdens.
- Donors should endeavor to provide support at all levels to strengthen weak public financial management and procurement systems, thereby building capacity in developing countries and consolidating the development process.

Donor Harmonization

Main Messages for Accra

- Harmonization is a process that requires strong government commitment and leadership. The division of labor among donors is feasible for countries whose sectoral policies have a broad, long-term approach and where donors coordinate their actions down to the subsector level, so that smaller donors are considered in the process. However, sectoral harmonization processes must be linked to overall budget support and assured efficient process monitoring.
- The partner country government should define donors' comparative advantages and specialization. It can be difficult to overcome pressures related to sectors that are priorities for donors but are not included in the national development plan. When donors are asked to concentrate their efforts in key sectors where they have comparative advantages, they should be encouraged to redeploy the funds they would have used in other sectors to support other development initiatives in the country.
- In harmonizing procedures and approaches, donors need to align with the country's priorities and strategy, but harmonized mechanisms can supplement the country's own systems if they are not yet sufficiently developed. The principle of harmonization is not more important than the other principles of the Paris Declaration.
- Donor harmonization should be extended to the emerging aid architecture (discussed in Roundtable 9), bringing into the dialogue and coordination such new actors in the region as Brazil, Mexico, China, and Venezuela. South-South and triangular cooperation experiences have provided good practices in donors' coordination and among donors, the government, and the private sector.
- Harmonization processes may be supported by joint action frameworks for the development of national-level capacities, as they allow identifying needs, existing resources, and challenges regarding public policy planning and execution.
- Governments should encourage donors to harmonize their planning cycles to not only facilitate the division of labor among donors but also strengthen the countries' own outcome-oriented planning and management capacities. This entails major institutional reforms both at the level of planning systems and at the level of donor agencies level to adjust fiscal periods to those of the receiving country.
- Since Paris Declaration indicators that assess donor harmonization are based on financial resource management, it is important to extend the concept to measure donors' specialized support for building and strengthening national institutions.

- There have been important experiences in Latin America relating to consistent mechanisms of political dialogue and technical cooperation among donors, such as the Group-16 in Honduras, the Global Donor Table in Nicaragua, and the donor group supporting the National Assembly in Bolivia. These experiences have been important in decreasing the number of bilateral donor-government negotiations and reinforcing political support for institutional reform processes.
- One of the challenges that affect donor harmonization processes is countries' lack of commitment to monitoring public policy for longer than one political period. In this regard, countries should institutionalize inclusive processes of political dialogue in order to ensure citizens' participation in monitoring public policy.
- Countries' political context has a significant effect on the relationship between government and donors, since limitations on public investment resources and strong pressures by interest groups influence the governments' decisions when they accept aid resources without a thoughtful negotiation about their use and conditions. Similarly, harmonization is affected if one donor stigmatizes a country's development policy. Thus it is necessary to build harmonization processes that go beyond the political-ideological debate and are based on creating alliances for the support of national development processes.
- Donors should support national initiatives by articulating harmonization plans that strengthen the negotiation abilities of the government institutions that manage international cooperation.
- Harmonization processes among the branches of donor agencies are important elements for ensuring an effective dialogue among donors.

Managing for Development Results

Main Messages for Accra

Managing for development results (MfDR) is a complex process that involves culture change for both partner countries and donors.

- The process may be difficult, and it involves high transaction and transition costs that donors should be prepared to support.
- It must begin with strategic planning and must be linked to the budget process, to project management, and to monitoring and evaluation.
- It is a political process that requires strong, committed leadership. It must also be inclusive and participatory. It requires accountability by both partners and donors.
- There is a great demand in Latin America for progress in the institutionalization of MfDR. There has been some progress in many countries in the region, but there is still a long way to go.

MfDR requires a focus on outcomes, not inputs, outputs, and disbursements.

- The quality of the indicators is paramount: they must be relevant and easy to understand by all stakeholders.
- The information must be used in decision-making.
- Concerns: difficulty of attribution; use of indicators for political purposes, not linked to strategic objectives.

Institutional and human capacity in MfDR needs to be strengthened in both partner countries and donors

- Donors should focus on supporting countries in strengthening their national systems—avoiding fragmenting the provision of resources—to accelerate the adoption and institutionalization of MfDR and ensure its sustainability.
- Good quality assurance systems reinforce institutional capacity by achieving the results that citizens expect.
- It is vital to build the capacity of people involved at all stages—formulating strategy, designing projects, creating indicators, implementing programs, evaluating and analyzing results.
- It is also important to foster demand for results—e.g., by congress/parliament and civil society.
- Donors should strengthen, expand, and finance initiatives to introduce MfDR (such as the Inter-American Development Bank's PRODEV).
- It is necessary for both partner countries and donors to put in place appropriate incentives to motivate staff and managers to participate in MfDR.

Communication plays an important role.

- Transparent communication of the MfDR process, including the information it yields and the use of that information, builds confidence in the public and in donors.
- South-South cooperation in MfDR, exchange of experience, and peer-to-peer learning are promising approaches.

What isn't measured can't be improved.

Mutual Accountability

Main Messages for Accra

Mutual Accountability Concept

- Mutual accountability should be carried out on two levels: the international level, which connects donors and partner countries; and the national level, which links governments, parliaments, and other government entities with citizens.
- It is convenient make the mutual accountability concept broader and more precise; and even if the new definition will not satisfy all criteria and positions, it is important to note that the concept of “accountability” is not limited to “responsibility” but must include reporting on activities and results.
- A more precise definition will clarify not only what mutual accountability is, but also why it is important and what the implications are for all partners, especially donors, governments, and civil society. This effort is pertinent, since mutual accountability often is linked with purely technical issues and its deep political content ignored.
- Lack of political content in the mutual accountability concept is noted in, but not limited to, the omission of civil society—especially in its role as an active development partner—in the Paris Declaration. Finally, it is important to define more precisely how mutual accountability is monitored and evaluated.

Relationship among Agents in the Mutual Accountability Arena

- A change of approach should be considered for the relationship between donors and receivers from a vertical to a horizontal link and towards establishing agreements on how to execute cooperation and cause impact.
- It is suggested that a forum be created to address disagreements between partners. Such a forum would be based on a mutual accountability framework of all partners.
- Balance in the distribution of mutual accountability among donors, governments, and civil society is a key factor.
- It should be recognized that donors, government agencies, and civil society organizations have different levels of commitment to mutual accountability.

- Civil society is not mentioned in the Paris Declaration, but should be included as a development agent, taking into account its experience in executing programs and projects, in monitoring and evaluation, and in accountability and management based on results. Civil society should be included as an active agent in the architecture of the international cooperation community, and its degree of responsibility should correspond to its diversity. Accountability should be considered both from partner countries to donors and their constituencies and from CSOs to their governments and beneficiaries.

Measurement of the Principle of Mutual Accountability

- Mutual accountability monitoring and assessment should entail the definition of clear and objective commitments and action plans. In this context, results-oriented agreements play an important role.
- An additional issue is the necessity to measure the effects of South-South cooperation.
- The indicator associated with mutual accountability may prove to be insufficient if we consider a definition wider than that included in the Paris Declaration. The purpose of that indicator is essentially to measure the results of applying the Declaration but not necessarily the mutual accountability principle—the results and the degree of efficiency achieved.
- Results should be measured to assess advances in mutual accountability (as defined more broadly). To assess advances in results reporting, the analysis should go beyond the financial aspects, reaching the impact of aid and the new balance on accountability.
- Access to and good-quality information related to the aid is key for the governments to properly exercise their responsibilities and for the monitoring and evaluation processes to be carried out. Governments and donors should be open to provide the information necessary for monitoring and evaluation.

Role of Civil Society in Aid Effectiveness

Main Messages for Accra

Civil society is a fundamental actor that directly and indirectly affects the formulation of public policies, programs, and projects funded by external development aid.

- The international community should recognize civil society organizations (CSOs) and, in a consistent and structured way, provide space for them to participate in the development process at both the national and local levels.
- Donors, governments, and CSOs should agree on mechanisms to guarantee fluid and effective communication in these processes.

Some CSOs serve as executing agencies of development projects and programs; others may also oversee public sector activities and act as providers of mutual accountability and transparency.

- For CSOs to be more active and efficient, they should become better organized, more inclusive, diverse, and independent from donors and power groups.
- For CSOs to participate effectively and appropriately in development aid, it is important for stakeholders to reach agreement on the scope and limitations of their participation.

Certain elements limit the capacity of CSOs to act efficiently and effectively in the processes of formulating and delivering aid.

- In some cases, CSOs may lack institutional capacity, particularly in the area of human resources;
- Very often, they also lack access to the predictable and adequate financing they need to be an appropriate counterpart to governments and donors.
- Access to good-quality and reliable information is fundamental to developing mutual trust among stakeholders.
- For the delivery of aid to be more effective, it is important that donors take into account the local context, including in their rules and procedures.
- It is suggested that donors set aside the funds necessary to allow CSOs to gain the necessary competencies to interact constructively with the various parts of the development enterprise.

Effectiveness of Aid in Fragile Situations

Main Messages for Accra

Definition of Fragility

The definition of a fragile/vulnerable state should be widened to include not only situations of political fragility but some others that affect effectiveness, such as economic, administrative, political, social, gender, environmental, and natural disaster situations.

A wide-ranging definition of fragility may suggest that one solution applies equally to all countries identified as fragile. The AAA should emphasize that donors, under the leadership of partner countries, should identify specific fragility aspects in order to agree on a process for capacity development to address that situation.

Aspects that Create Fragility Situations

Social exclusion creates fragility situations. The inclusion of marginalized social sectors is fundamental to strengthen democratic governance in fragile states. The mechanisms that we propose to support fragility aspects in partner countries should not only support the efficiency and effectiveness of aid, but also foster inclusion.

States that are fragile from an economic point of view are highly sensitive to external shocks; they can face such fragility through trade, diversifying their own economy.

Fragility also appears among regions of the same country, where development asymmetries create fragility situations at local levels that are not perceived at the central government level but require support.

Facing Fragility Situations

In dealing with these fragility situations it is essential to develop and strengthen capacities at an institutional and governance level, for long-term sustainability.

South-South cooperation supports capacity building in fragile states. South-South cooperation provides relevant experiences from the development process of fragile states. This can be seen in the region in the cooperation provided to Haiti by Argentina, Brazil, Chile, and Mexico. In this sense, harmonization including emerging donors becomes essential to assure the effectiveness of those interventions.

Reducing fragility requires that policies to address emergencies have a long-term focus and later become state policies. In this context, the partners and donors must focus on addressing emergencies, but at the same time must define actions that would reduce the impact of emergencies on citizens and that make a longer-term contribution to meeting the people's basic needs. In the region we have examples of fragility situations that generated state programs that are still in place after the end of the emergency—as in Argentina, with health, education, housing, and conditional transfer programs that lasted after the 2001 crisis.

What is asked from Donors?

Donors should commit to adjust themselves to the realities of fragile situations, and not the other way around. Such countries lack the capacity to manage multiple demands, so in this context the principles of ownership, alignment, and harmonization are indeed relevant.

All donors should adopt an anti-cyclical role before situations of fragility or vulnerability occur, increasing and facilitating their aid in times of crisis and contributing to medium- and long-term policies that support governance during the post-crisis period.

Donors should show some flexibility in their processes for disbursing funds when the fragility stems from an emergency situation. In such situations, it is important to adjust all processes to ensure that appropriate resources are devoted to reducing the impact of the emergency.

Sectoral Applications of the Paris Declaration

Main Messages for Accra

Country Leadership

Country leadership is not limited to the minister's commitment, but requires effectively incorporating citizens and public servants in the application of policies.

Policies and Planning at the National, Sector, and Territorial Levels

Sector approaches must be incorporated in programs and national policies; therefore, they need to have clear objectives and performance indicators, while maintaining an integral and territorial focus.

The coherence between policies and national, sector, and territorial plans generates difficulties and tensions that need to be addressed so that the sectoral focus does not obscure the global vision or distort territorial priorities. On the other hand, it is necessary to assign clear goals and performance indicators.

Work at the sector level requires a clear definition of what is included in the sectors, who are the stakeholders that form part of it, and what are the rules that apply.

Cross-Cutting Themes

Cross-cutting themes should be included within a human rights approach. A good way to include cross-cutting themes in sector policies and plans is to define results and indicators in the results frameworks, and ensure that those entities responsible for these themes participate in planning and evaluation. There are examples of operational inclusion of cross-cutting themes such as the contract signed with civil society for the protection of the environment in some countries and the gender-informed budgets that have been used in municipalities in several countries.

In the documents of Accra Roundtable 8, women are designated as vulnerable, but women are not vulnerable, they are insufficiently included. Their economic and social position needs to be considered.

The framework to address cross-cutting issues is the international commitments that countries have signed. When cross-cutting themes are introduced through pressure from donors, there is no ownership of these issues and policies do not have continuity.

Cross-cutting themes need resources additional to those that are included in sector plans and budgets.

Global/Vertical Funds

Aid from global programs may distort sector financing, affecting the implementation of national priorities. AIDS funding, for example, represents up to 70 percent of all aid for health; this fact by itself is not negative, however, financing for reproductive health has been dramatically reduced.

Donors' excessive focus on AIDS has led to the perception that addressing AIDS is not the responsibility of the government, but of international agencies. The lack of clear leadership from the government generates fragmentation, resulting in different actors managing specific issues, which hinders the sector approach.

Global programs establish mechanisms that are parallel to the governments. In one country, the resources of the Global Fund were distributed among different agents: AIDS was managed by an international agency, while malaria and tuberculosis were managed by nongovernmental organizations. The absence of country leadership results in fragmentation in health sector interventions because no single public organization coordinates all actors.

Civil Society Participation

It was noted that private sector companies do not have a definition of sector that is directly related to development, and national-level companies do not necessarily consider development. They are mostly interested in a specific area such as education. Some civil society organizations are not related to a development or territorial approach but are more linked to sectors.

A representative of a civil society organization (CSO) noted that the CSO is seeking integration between sectors. It takes the position that environmental issues are not being discussed and that civil society seeks to integrate the needs of society with environmental needs. We have not had a strong enough impact on sustainability of the environment.

Aid from Countries that have not adhered to the Paris Declaration

Most partner countries suggested that all aid is welcome as long as it supports national priorities and is under the government's control.

Middle-Income Countries with Pockets of Poverty

Clear criteria should be defined for assigning development assistance to middle-income countries.

Proposals

Partner countries should exercise greater leadership and rely on development plans as a platform to establish a multi-annual sector approach. Sector plans need results evaluation tools and donors should align their aid with those plans under the leadership of the partner country, with citizens' participation.

- Sector work requires the clear definition of the sector and its stakeholders.
- Ensure consistency between policies and national plans. Emphasize the evaluation of territorial work that is being carried out and its impact on poverty. Ensure the inclusion of cross-cutting themes in sector policies based on the human rights approach.
- Global funds should flow through and be managed by sector institutions.
- Middle-income countries should not be automatically excluded from aid flows, given the existence of large pockets of poverty and inequalities that require focused and specific interventions.

The New Aid Architecture

Main Messages for Accra

General Issues

Several partner countries expressed their concern that the Paris Declaration approach is too much centered on the relationship between traditional (DAC) aid providers and aid-dependent developing countries. The terminology itself—e.g., “donor countries”—does not provide a good conceptual framework for the reality of the new development assistance architecture. To bring the Paris Declaration up to date, it requires more flexibility and a broader conceptual framework to encompass the emerging situation of greater South-South cooperation, and a specific place for middle-income countries as well as for non-official development assistance. In that regard, such issues as prevention and mitigation of climate change or regional/global public goods could play a role.

South-South Cooperation

Several partner countries highlighted the importance of South-South cooperation in the new development assistance architecture, underscoring that it has specific features and is not subordinated to the traditional modalities of cooperation. Three important issues were mentioned as potential comparative advantage of South-South cooperation: (a) the greater similarity (or even temporal proximity) of development experience; (b) lower transaction costs, because such cooperation entails less bureaucratic work, and allows more use of partner country systems; and (c) fewer conditionalities. Part of these potential advantages relates to the fact that cooperating countries can use their own experience as “recipients” of assistance from more traditional DAC (or international financing institution) donors.

While it was said that the non-DAC providers of development assistance accept the Paris Declaration principles, it was noted that the indicators (and even the terminology, as mentioned above) are not adequate, as they were conceived in the context of the relationship between DAC donors and least developed countries. Good practices of South-South cooperation are not properly reflected in the Paris Declaration—for example cooperation between middle-income partner countries that is based on shared costs.

It was widely accepted that there a significant synergy stems from bringing together the new providers of development assistance and traditional DAC providers in triangular operations/programs. The reasoning is that the exchange of experience that is closer to the beneficiary, supported by the larger pool of technical and financial resources from more developed countries, could yield greater results. More specifically, a country emphasized the need to search for more integrated territorial approaches, which could benefit from the closeness of a partner that shares (or has recently shared) many of the same features of the region/population being addressed. In that context, it was noted that the Paris Declaration should address the increasingly important issue of decentralized cooperation.

The role of the international financial institutions (IFIs) in support of South-South cooperation was also underscored. In particular, it was mentioned that, among other things, the IFIs could help systematize and disseminate information regarding South-South programs and related good practices and successful cases, help develop results frameworks and monitoring systems for them, and provide financial and technical assistance instruments that are better tailored to South-South cooperation.

It was mentioned that the UN system, with its characteristics of neutrality and multilateralism, can facilitate greater harmonization among the new international cooperation actors.

There was also a consensus regarding the specific conditions of middle-income countries and the way they should be considered for cooperation, taking into account the diminishing amounts of funding they are receiving, which ignores in-country asymmetries.

Global Programs

The main issue raised was that global programs should be more flexible, accounting for partner countries' specificities, making eligibility easier, and increasing the use of resources. The way global programs currently work ends up creating too many requirements for institutional changes in the partner countries, making access to funds very difficult. In particular, it was highlighted that global programs should adjust to national problems and with appropriate flexibility. In addition to considering the technical capacity for the execution of projects, the global funds should also take into account the limitations in fiscal space and financial capacity of countries and/or involved sectors. That more pragmatic approach would increase opportunities to participate in the programs and would make them more dynamic. This is important to avoid allowing earmarked development resources to remain untapped for a long time. It was also mentioned that the assignment of resources based on poverty rates could be misleading and result in huge asymmetries.

7. REFLECTING ON ACHIEVEMENTS AND LIMITATIONS OF THE PD IN LAC

The Chilean Experience on South-South Cooperation

Chile's commitment to South-South cooperation has been mainly focused on LAC, and specifically on its closest neighbors. Within its S-S cooperation agreements, Chile has focused on tools for reducing poverty. Triangular cooperation has become relatively significant in Chile in response to an increasing demand for cooperation. Along those lines, Chile seeks to replicate its success in international cooperation, noting that in the past two years it has worked with other countries such as Germany, France, and the UK. Much of Chile's cooperation is grants received from other countries for investing in technical and scientific projects as well as professional education in the country.

After 18 years of hard work, Chile has realized that its cooperation capacity in the upcoming years must increase. To this end, it has considered different approaches to sharing the Chilean experience, such as publishing a catalogue of information related to cooperation activities.

Since 2006, Chilean cooperation has shifted its focus to consider the following adjustments:

1. Reduce number of countries to maximize impact.
2. Promote complementarity of Chilean actions with other donors
3. Support the national strategy of partner countries and decentralization processes
4. Reinforce a common framework of policies on S-S cooperation across middle-income countries.

Participants' comments on the Chilean experience on South-South cooperation focused on the following aspects:

- It is important to ensure that S-S cooperation modalities remain less bureaucratic than traditional aid mechanisms. Similarly, new aid modalities should learn from the experience of traditional approaches. However it is important to highlight that the main purpose of S-S cooperation is to develop "peer partner relationships" rather than vertical relations between donors and recipients.
- The PD should be implemented bearing in mind the relevance of S-S cooperation and respecting ownership. Furthermore the PD survey should include indicators that measure the impact of cooperation beyond managing financial aspects and use qualitative indicators as well.
- CSOs stated that LAC countries need to take ownership more seriously, and it has to be a priority over other principles of the PD.
- CSOS also raised the issue that LAC countries, most of them MICs, have less access to international cooperation and are practically excluded from OECD official aid. Development aid plans are mostly linked to macroeconomic indicators such as the GDP, which do not take into account the inherent inequalities existing in Latin American societies. Although there are regions of LAC countries in which the poverty level equals that of sub-Saharan Africa, macroeconomic indicators do not match the aid requirements.

8. ACCRA AGENDA FOR ACTION

Brenda Killen of the OECD summarized the preparations for the HLF3 to be held in Accra, Ghana. She discussed the objectives and contents of the Accra Agenda for Action (AAA), the preparation process, and the comments that the draft has received so far and then asked participants for their input on the upcoming event. She clarified that the AAA is not intended to be a new Paris Declaration, but rather a political and ministerial statement with a small set of concrete actions designed to address constraints to achieving PD commitments agreed in 2005 and establish future directions on aid effectiveness. The physical document should establish this in only four pages, so it will be concise and compact in nature. The following suggestion for the document's outline follows:

- **Ministerial Statement / High-level policy messages**
- **Accra Agenda for Action**
 - Progress since Paris (achievements and bottlenecks)
 - Agenda for Action
- **Looking Forward**
 - Future challenges for aid effectiveness

Various groups are involved in the preparation process, including the Working Party on Aid Effectiveness, the HLF3 Steering Committee, CSOs (in consultations), and the UN. A number of Regional Development Bank preparatory events (including Santa Marta) have been held and will be held in Asia, Africa, and the Middle East.

The First Consultative Draft of the AAA was issued on 18 March and has been discussed by both donors and partners in a range of international fora. The revised AAA draft, due on 25 June, will take these comments into account. The Final Draft will reflect Working Party discussions on 9-10 July and will be released by 20 July for consideration at the HLF3 and endorsement on 4 September at the Ministerial session.

9. INPUT INTO THE AAA FROM THE REGIONAL MEETING FOR LATIN AMERICA AND THE CARIBBEAN

- Partner and donor countries see aid as only one means of financing development. They undertake to continue efforts to maximize domestic and non-aid international resources through trade and investment, and to reduce their dependence on aid.
- Middle-Income countries should be recognized as important actors in cooperation processes. Their particularities must be taken into account by the Paris Declaration in order to strengthen their role as both recipients and donors.
- The AAA should recognize the importance of South-South cooperation to greater aid effectiveness. Donors should commit to support this kind of cooperation modality, through triangulation.
- Development partners should promote space for dialogue on gender, environment, human rights, and other cross-cutting issues.
- The Paris Declaration monitoring framework should be broadened to include different mechanisms of aid and updated indicators.
- The AAA should make clear that development impact is the goal of all aid effectiveness efforts.
- The AAA should emphasize that donors, under the leadership of partner countries, should identify specific fragility aspects in order to agree on capacity development. The definition of fragile state needs to be broadened to include subnational and local asymmetries in countries.

Ownership

- Include democratic ownership and participatory processes as essential elements of assessing development policies and aid programs.
- Available instruments to monitor ownership are insufficient

- The role of parliaments and local governments in ownership and mutual accountability should be recognized.
- Ministers should ensure that there is in-country follow-up of progress on commitments related to development, including through monitoring systems.
- Civil society organizations (CSOs) consider that developing an international code of conduct related to conditionality is not sufficient, and they call for strong reductions in conditionality by 2010. They also call for stronger action on untying aid. Further, they call for recognition of CSOs as political actors in their own right.

Alignment

- The role of donors, as external partners, is to align their programs with the country's development agenda.
- Donors should endeavor to provide support at all levels to strengthen weak public financial management and procurement systems, thereby developing capacity in partner countries and consolidating the development process.
- Donors should move beyond multiyear commitments of aid toward multiyear appropriation in order to assure aid predictability. This is also relevant for middle income countries.
- Donors should commit to establish, together with partner countries, medium term priority frameworks and joint monitoring and evaluation mechanisms

Harmonization

- Partners should develop a common framework for assessing capacity development needs.
- Donors should harmonize their procedures and approaches to align collectively with the country's agenda.
- Partners and donors should commit to establish common budget support procedures, propelling basket funds and other modalities oriented to reduce transaction and transition costs.

Managing for Development Results

- MfDR requires a focus on outcomes, not inputs, outputs, and disbursements. The quality of the indicators is paramount: they must be relevant and easy to understand by all stakeholders.
- Institutional and human capacity in MfDR needs to be strengthened in both partner countries and donors.

- Results monitoring frameworks should take into account country commitments under international agreements related to human rights and other social, economic and cultural rights.
- CSO, as aid actors should commit to manage aid for development results.

Mutual Accountability

- Balance in the distribution of mutual accountability among donors, governments, and civil society is a key factor.
- In the area of mutual accountability, there was discussion about creating a separate international agency to mediate between partner countries and donors. Other speakers noted that such differences are best adjudicated at the country level or in existing international forum.
- Donors should support capacity building and knowledge transfer in the area of mutual accountability.

New Aid Architecture

- Middle Income Countries should be recognized as key actors in the emerging aid architecture, particularly on new global challenges like food security, the protection of regional public goods, climate change and disasters prevention and recovery.
- Private sector and decentralized cooperation should be considered in the new aid architecture.
- Refer to regional and sub regional organizations as part of the aid architecture, which should be included as part of aid effectiveness efforts.

10. OPEN DISCUSSION ON THE AAA

Moderator Adriana Mejía Hernández, Colombia's Vice Minister of Multilateral Affairs, encouraged representatives to provide their input so that concrete proposals may be established for Accra. She reminded participants that the AAA is meant to be a consultative process and that it requires the perspectives of all countries. She suggested that specific issues to consider for building the AAA are the role of MICs in the development aid architecture and broadening the concept of ownership to include CSOs, so that they may be included in the architecture and in other areas such as aligning aid with local government policies.

During the discussion, representatives provided input on ownership, alignment, harmonization, management for results, conditionality, untied aid, the role of CSOs in aid effectiveness, and mutual accountability:

- Spaces for dialogue on cross-cutting issues such as accountability in gender equality and the environment should be included to the AAA.
- Encouraging democratic and inclusive ownership of development policies, guaranteeing civic participation by CSOs, particularly women's organizations. This means developing ownership at the country level, not only at the government level.
- Developing wealth redistribution policies, not just poverty reduction policies, is a priority; thus, it is fundamental to include inequality indicators such as the Gini coefficient, among others, in OECD policy. An assessment of the impact of aid on development and aid effectiveness must also be promoted
- In addition to bilateral and multilateral organizations, regional organizations such as Mercosur, Caricom and Andean Group should be referenced as they also mobilize development resources.
- The PD is limited to official development assistance, and therefore the loans some MICs receive from China and other donors are not reflected in the monitoring surveys.
- AAA refers to disbursements, but should be more specific on multiyear commitments from donors —as in the case of New Zealand, which provides a three-year framework of aid.
- It would be good to agree on a capacity-development framework focusing on strengthening institutional and human capacities.
- CSOs and parliamentarians should have an active role in the discussion of the AAA.
- Cross-cutting issues such as gender, environment, and human rights should be included in the management for results frameworks.
- AAA should include concrete actions to improve civil society participation on aid effectiveness and reduce the amounts of tied aid.
- PD focuses on procurement conditionalities only, ignoring other macroeconomic conditionalities affecting countries' development processes.

- Some participants said that a donors' code of conduct on conditionality would not be a true advance on the issue, particularly for partner countries.
- It was suggested to review the indicators on untied aid.
- CSO representatives proposed the establishment of an international mediation mechanism to solve potential conflicts between countries and donors regarding use of international development resources. However, other participants mentioned that it is important to use existing international legal systems to deal with potential conflicts.
- Creating a regional community of experts on mutual accountability that can encourage transfer of experiences among countries.
- South-South cooperation should have a prominent role in the AAA, not just as an annex to traditional donor practices.
- Financial accountability is receiving more attention than the impact of aid, and it is becoming an obstacle to measuring the real impact of aid in developing countries

11. NEXT STEPS

One of the final sessions of the Santa Marta meeting was dedicated to presenting the next steps to be taken in the LAC region in preparing for the Accra High Level Forum.

Some important upcoming dates and events:

- June 12 – Input from the LAC for the AAA will be sent to the OECD.
- June 18 and 19 – The Consensus Group will meet to prepare a new version of the AAA.
- June 25 – New version of the AAA will be circulated to members of the Working Party on Aid Effectiveness in Paris.
- July 9-11 – The Working Party on Aid Effectiveness will meet in Paris.
- July 25 – A draft of the AAA will be circulated to all Accra invitees.
- September 2-4 – The High Level Forum on Aid Effectiveness will be held in Accra, Ghana.

Some important points requiring action:

- Promotion of spaces for dialogue on human rights, environment, gender equality, and other cross-cutting issues that involve civil society as development partners.
- Expanding the PD tracking framework to include the flow of nonconcessional resources.
- Donors and partner countries committing themselves to results-based accountability.
- Incorporation of the issue of cooperation for middle-income countries into the AAA (the discussion should continue).
- Recognize the importance of South-South and triangular cooperation as tools for improving development effectiveness, and broaden the focus of the PD to include nontraditional cooperation.
- Broadening the AAA concept on fragile states, including social, political, and economic vulnerability; and establish flexible mechanisms that provide emergency assistance and facilitate long-term interventions.
- Creating a community of regional experts who can contribute to support initiatives on mutual accountability and transparency in the context of the PD implementation.

The Marketplace of Ideas, which will part of the Accra HLF, will provide a forum for demonstrating best practices and lessons learned on aid effectiveness in development. It is an innovative way to share information and knowledge, as it promotes creativity and discussion. More than 200 donor and partner countries, multilateral institutions, and CSOs have been invited to exhibit development projects in which implementation of PD principles can be shown. LAC countries invited are Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Peru and Venezuela.

For more information, please contact Victor Barnes or Melissa Janis at hlffmarketplace@accrahlff.org, or visit the AAA website www.accrahlff.org.)

12. CLOSING REMARKS

Luis Alfonso Hoyos Aristizabal, High Presidential Counselor of Presidential Agency for Social Action and International Cooperation, Colombia, and Otaviano Canuto, Vice President for Countries, IDB

In closing the Regional Preparatory Meeting for Latin America and the Caribbean for the Third High Level Forum on Aid Effectiveness in Accra, Ghana, Mr. Canuto recapped some of the most pertinent and widely discussed topics during the meeting and pointed out some of the IDB's achievements and efforts in these areas. He specifically mentioned the use of country systems, the new aid architecture, and sectoral applications of the Paris Declaration.

The High Presidential Advisor for the Presidential Agency for Social Action and International Cooperation of Colombia highlighted that common issues and specific topics had been covered, and thanked the IDB for its commitment to the logistics of the meeting. He added that, although much progress has been made, much still remains to be done in the LAC countries.

Mr. Hoyos said that if Africa is a continent of poverty, then Latin America is the continent of inequality. He encouraged LAC countries to promote actions in the area of horizontal cooperation, stating that while not enough is being done currently, each country has the technical and political capacity to advance. He concluded with the hope that focusing on South-South cooperation and asymmetries will convert Latin America and the Caribbean into a region of hope.