



Towards a Joint Agenda for Aid Effectiveness in Pakistan

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Outline

- 1. Issues influencing aid effectiveness in Pakistan**
- 2. Initiatives to increase aid effectiveness in Pakistan**
- 3. A possible way forward**

Why Aid Effectiveness matters?

- Pakistan is a growing economy with significant potential
- Pakistan is also facing development challenges
- How can Foreign Assistance help Pakistan address developmental challenges by making best use of the country's potential
- Higher Quantity of aid needs to be in tandem with increased quality to achieve sustainable development results

Aid Effectiveness *Issues*

- **Alignment**
 - Government has made significant progress in defining its national priorities in different documents/strategies and plans. Potential for increased use/follow-up by Donors
- **Lack of Harmonization**
 - Multitude of financial management, procurement and reporting procedures
- **Inadequate Coordination**
 - Need to strengthen coordination between Government institutions and to clarify respective roles
 - Need to strengthen coordination among Development Partners
- **Managing for results**
 - Need to develop harmonized results-oriented frameworks that guide individual interventions and facilitate assessment of progress towards development objectives

Aid Effectiveness *Initiatives*

- Aid Effectiveness Steering Committee set up
- Three Joint Working Groups established
 - Strengthening country systems & harmonizing PFM and procurement
 - Capacity Development & SWAps
 - Harmonizing Monitoring and Evaluation
- Aid Information Management System (DAD) set up
- Paris Declaration Survey implemented



Work Ahead

- 1.** Strengthening *Collective Dialogue*
- 2.** Developing a *Foreign Assistance Policy Framework*
- 3.** Establishing an *Aid Effectiveness Action Plan*

Collective Dialogue

- More frequent collective dialogue between GoP and Development Partners on priority issues can help to foster alignment & harmonization and to improve coordination
- Positive experiences with results-oriented dialogue mechanisms made in education sector and during the earthquake relief phase
- Plan to extend the 'cluster approach' to regular development work by setting up a limited number of Thematic/Sectoral Working Groups; led by GoP and facilitated by Development Partner

Foreign Assistance Policy Framework

- GoP plans to develop policy document, which will clarify/define key elements, rules, mechanisms, etc of the aid management architecture and indicate GoP's preferences regarding assistance modalities, areas of support, etc.
- Formulation will be supported by broad-based dialogue and consultations

Aid Effectiveness Action Plan

- Multitude of ongoing and planned initiatives to increase aid effectiveness
- Risk of focusing too much on processes and loosing focus on results
- Proposal to develop a Joint Aid Effectiveness Action Plan, which defines expected outputs, timelines and responsibilities

Next Steps

- GoP invites **feedback from its development partners both at PDF and beyond**
- EAD will organize an **aid effectiveness workshop**

Paris Declaration Survey

- Survey launch: September 1, 2006
- 27 development partners submitted donor questionnaires, incl. 12 UN agencies

Key Findings:

1. A high portion of ODA is recorded in the Government budget and is being disbursed through Government systems
 - However, this result mainly reflects budget support provided by 3 big donors (WB, ADB, US)
2. Development Assistance is not very well coordinated
 - Very low portion of coordinated technical cooperation, missions and analytical work
 - Very limited use of programme-based approaches

