

Roundtable on Alignment

The discussion during the session was structured around three main characteristics of the principle Alignment namely:

1. use of public financial management and procurement (PFM&P) systems;
 2. predictability of aid; and
 3. the 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 speed 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.
 - The impact of 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 focussed too much on country systems and that the indicators used do not really capture alignment to country priorities.
 - Participants agreed on the need of institutional strengthening for promoting 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 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 appropriation of the conditionalities.

Recommendations:

- While participants acknowledged the limits inherent to 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 programmes 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 it brought additional burden.
- Donors should endeavour 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.