

Aid Effectiveness in Pakistan: What the Country has Accomplished after the 2005 Paris Declaration?

Murad Ali*, Alam Zeb** & Gohar Saeed***

Abstract

This paper examines the contemporary aid effectiveness architecture in Pakistan in the light of the 2005 Paris Declaration (PD) on Aid Effectiveness. First, it looks at the PD commitments and explores the factors that prompted the emergence of the PD at the global level. The paper then examines policy initiatives undertaken as well as institutional set ups established by the Government of Pakistan (GoP) for effective utilization of foreign aid within the PD framework. The main aim is to explore the gaps and linkages between the international aid effectiveness agenda of the PD and the strategies formulated by the GoP for its promotion at the national level. To this end, both the PD doctrine and GoP plans are critiqued to examine to what extent these fulfill the prerequisites for improving aid effectiveness.

Keywords: Aid effectiveness; Development; Paris Declaration

The origin and emergence of the aid effectiveness paradigm

Voices for the reformation of the international aid system were raised as early as the 1960s. It has been pointed out that “discussions about recasting aid relationships have been part of international debate about aid and aid effectiveness for more than four decades”.¹ For instance, the well-known Pearson Report, prepared by a commission under the aegis of the World Bank in 1969, clearly voiced concern regarding the way aid donors and recipients were doing business. For effective utilization of aid, the report suggested that the donor-recipient relationship needed to be reformed. It pointed out that there could be some room for advice, consultation, and persuasion, but “the formation and execution of development policies must ultimately be the responsibility of the recipient alone”.² This means that for five decades at least parts of

* Murad Ali, Assistant Professor, University of Malakand.
Email: muradali.uom@gmail.com

** Alam Zeb, Assistant Professor, University of Malakand, Pakistan

*** Gohar Saeed, Field Research Specialist, Pakistan Academy for Rural Development, Peshawar

the international aid community had realised that to make aid more effective, there must be meaningful and active engagement of developing countries in the identification, prioritisation and implementation of development policies and programmes.

Despite these recommendations, the active role of the state in the delivery and utilization of aid remained contested over different periods. In the 1960s, the state was largely at center stage and donors believed that aid-receiving governments were important players in the policy and practice of development. Thus, within a geo-political context, donors' policy was that developing states needed to be supported to improve their capacity for the delivery of services to their citizens. From theoretical perspective, McMichael termed this the era of 'modernization' or 'development project'.³ Under the development project, it was perceived that development was to be achieved through the transfer of technology and infrastructure programmes and "the nation state was to be the vehicle of these shared goals".⁴ Therefore, a common argument and agreement was that for achieving development, nation states or aid recipient governments needed to be assisted.

Due to increasing cynicism regarding the effectiveness of aid in alleviating poverty, there were calls from different corners to revamp and reform the international aid architecture. Among these, the 1996 OECD report was the first to introduce new themes and concepts such as recipient-owned and -led development process, meaningful partnership between donors and recipients and coordination and harmonisation of aid by donors.⁵ This shift from the minimal role of recipient states to an active role was more clearly pronounced in the 1997 World Bank report titled 'The state in a changing world'. The report pointed out that the state has an important role to play in economic and social development as a partner, catalyst, and facilitator and an effective, not a minimalist state is needed to provide goods and services to its people.⁶ The 1998 World Bank report on the assessment of aid reinforced this thinking that aid can be more effective if coupled with stable macroeconomic environments, open trade regimes, efficient public bureaucracies and accountable institutions and that developing countries need to be assisted to create these environments.⁷ Stern et al. have rightly pointed out that the period from the mid-1990s up to the 2005 Paris Declaration was a period of evolutionary policy thinking spearheaded by the World Bank, the UN and the OECD.⁸ All such efforts of these institutions resulted in the emergence of the new aid paradigm.

Alongside these efforts, several other significant initiatives led by the international community included: the UN Summit and the Millennium Declaration in 2000 focusing on the attainment of the Millennium Development Goals (MDGs), the 2002 Monterrey consensus emphasising donor-recipient partnership, the 2003 Rome Declaration on aid Harmonisation and the 2004 Joint Marrakech Roundtable related to management for development results. All these appeals for aid effectiveness and increased aid harmonisation resulted in the High Level Forum on Aid Effectiveness held in Paris in 2005, which produced the accord known as the Paris Declaration. At the forum, all donors reaffirmed their past pledges and resolved “to take far-reaching and monitorable actions to reform the ways’ development assistance was delivered”.⁹

It was an unprecedented success to bring 61 donors, including both bilateral and multilateral, and 56 recipient countries to an agreement. Due to this, the PD is recognised as a landmark in the history of development assistance. Under this declaration the donor community avowed to commit to a practical plan to provide aid in more streamlined ways and let the recipient countries play a central role in development efforts. It is the outcome of the many negative lessons learnt over the years from programme and project support, and it proposes a shift towards modalities of aid that give recipient-country governments more scope to make decisions based on their own priorities.¹⁰ This is one of the major distinctions between the old aid regime and the new one: it gives greater say and ownership to aid recipients.

One dominant argument of the new aid paradigm, pronounced clearly in the PD is that the state has re-emerged as an important actor in aid and development policies. Riddelhas appropriately remarked that “twenty years earlier, the state had been seen as a core part of the problem; now it was heralded as central to the solution”.¹¹ Real country ownership in the PD implies that countries need to have national development strategies and plans, incorporating not merely government priorities and objectives but also those of the other relevant national stakeholders. All the PD commitments have put a strong emphasis on recipient country leadership and partnership. Aid recipient governments have been encouraged to formulate their own policies and plans identifying concrete targets, and donors have been asked to assist them in attaining those outcomes. In both the PD and the Accra Agenda for Action, a follow up to the PD, donors committed to use developing country systems including national arrangements and

procedures for public financial management, procurement, audit and monitoring and evaluation.¹² An embodiment of the new aid paradigm, theoretically the PD has put aid-receiving governments at the vanguard concerning the formulation of development policies and utilization of aid. It is within this framework that the domestic aid architecture of the GoP is examined.

There has been a growing consensus that the PD is a critical step towards the aid effectiveness agenda of the new aid paradigm aiming at donor-recipient relationships characterised by more equitable partnership. The 2010 report of the OECD points towards this unique aspect of the shared nature of the commitments made in the declaration. The report argues that the most distinguishing feature of the declaration is its emphasis on the way in which improvements in donor practices go in conjunction with the strengthening of developing country systems and institutions.¹³ Booth and Evans likewise assert that the declaration conveys a plain but essential point: “aid will be more effective if the actions and behavioural changes listed as commitments under the five headings are undertaken, and less if they are not”.¹⁴ It implies that for enhancing aid effectiveness, both donors and recipients need to work towards and adhere to the PD commitments and both are accountable to each other in bringing improvements in the way aid is managed.

The Paris Declaration and the Aid Effectiveness Regime in Pakistan: Policy initiatives of the GoP

Upon signing the PD, recipients have committed to take a leading role in aid effectiveness by preparing comprehensive development policies. The aim of such policies is to clearly outline the intended activities by identifying national goals and institutional and human resources required to attain these outcomes. For example, regarding ownership, it has been pointed out in the PD that countries should have effective national development strategies or poverty reduction strategy papers (PRSPs). These strategies need to be realistic, monitorable and should have been prepared with the active engagement of various stakeholders including parliament, civil society and citizens.¹⁵

Regarding these pre-requisites and being a signatory to the PD, Pakistan prepared a number of policy documents including PRSPs, the Medium Term Development Framework (MTDF) and Vision 2030. In these policy plans, the government clearly identified its future development priorities in different areas. Key elements of PRSPs are that they are countrywide and country-

owned, result-oriented, comprehensive in scope, long-term and partnership-oriented, providing a basis for active participation of development partners. PRSPs and other long-term policy plans set the scene for national priorities and budgetary requirements to achieve the intended targets concerning poverty alleviation.¹⁶ Here, development strategies undertaken by the GoP are reviewed in the context of the PD requisites. By looking at these policy documents, it is explored what these development plans offer to the PD and how the two can complement each other for advancing the aid effectiveness agenda.

Poverty Reduction Strategy Papers (PRSPs) of the GoP

Since the early years of the country's history, Pakistan has been regularly preparing development policies in the form of Five Year Plans. Beginning in 1955, Pakistan implemented its three Five Year Plans between 1955 and 1970. This practice was interrupted twice. First, as a result of the India-Pakistan War of 1971 that resulted in the dismemberment of the country and the creation of Bangladesh. Due to this, the GoP could not formulate a Five Year Plan between 1971-78. The process was resumed with the launching of the Fifth Five Year Plan 1978-83 and continued until the Eighth Five Year Plan 1993-98. This exercise was disrupted again after the country detonated a nuclear device in May 1998. After this, new medium- and long-term policy documents have replaced the old ones. During the last few years, the government has launched several medium- and long-term development initiatives. These strategies have outlined future development needs and priorities of the government in different areas. Key development plans of the GoP include PRSPs, the MTFD and Vision 2030.

Like other developing countries, Pakistan launched the PRSP initiative in 1999 as a condition for debt relief and concessional lending from the International Financial Institutions (IFIs) such as the World Bank and International Monetary Fund (IMF). This was based on the World Bank's four Comprehensive Development Framework (CDF) principles comprising (i) long-term, holistic vision; (ii) country ownership; (iii) country-led partnership and (iv) result-oriented.¹⁷ As noted earlier, such approaches of the IFIs during the 1990s were the precursors of the paradigm shift from donor-led to recipient-owned development initiatives. In the light of the above guidelines, in 2001 the GoP unveiled the first policy document titled 'Pakistan: Interim Poverty Reduction Strategy Paper (I-PRSP)'. This was prepared with the collaboration and regular participation of all the four provinces in

order to pool poverty reduction efforts at the federal, provincial, and district levels, and to ensure success of desired objectives related to poverty reduction.¹⁸ To this end, four teams consisting of federal and provincial government officials held consultations in 10 districts across the country. These consultations were followed by a series of seminars on poverty reduction in Islamabad, the federal capital and four provincial capitals where opinions and inputs of the district level organisations as well as a selected group of NGOs/Community Based Organisations (CBOs) were obtained to enhance the effectiveness of PRSPs.¹⁹

In the light of the I-PRSP, the first comprehensive PRSP titled 'Accelerating Economic Growth and Reducing Poverty: The Road Ahead' was published in 2003, covering the period from 2001 to 2006. It was prepared in a participatory process involving a wide range of stakeholders consisting of elected representatives, line departments, civil society and a number of donors.²⁰ Through the Rural Support Programmes Network (RSPN), a non-for-profit organisation based in Islamabad having offices and branches in all the four provinces, a broad participatory process was undertaken at the grassroots level. The RSPN held 121 community consultation dialogues in 49 districts across the country to identify key reasons for poverty and get feedback from communities regarding effective strategies for poverty alleviation.²¹ Hence, the GoP claims that it followed a comprehensive participatory process in the formulation of the PRSP and that the inputs of all stakeholders have been incorporated in the plan.

However, the PRSP process has been criticised in general as well as in the context of Pakistan. It is pointed out that the move from Structural Adjustment Programs (SAPs) to PRSPs is merely cosmetic and the inherent principles of neoliberal lending have not actually changed.²² First of all, country ownership of these strategies can be questioned when these have to be approved by the IFIs such as the World Bank and IMF. Hence, depending on the macro-economic status and financial freedom of developing countries, the IFIs have enormous influence on the economic policies in aid recipients. In today's global era, no government in the developing world is independent of the pressure and influence of the IMF and World Bank.²³ Besides this, Western capitalist forces also influence policies in these organisations to achieve their interests in developing countries. For example, to further its economic and foreign policy objectives, the US has regularly exercised its authority in influencing lending policies in the IMF and World Bank.²⁴ Therefore, Hague and Harrohave appropriately noted that

governments in developing countries often submit to the rules and regulations of these organisations.²⁵ Under such circumstances, real country ownership of PRSPs can be challenged on the grounds that to what extent economic managers and policy makers were free to determine their own path of development, rather than the one prescribed by the IFIs. That is why it is argued that the conspicuous sameness of PRSPs to address poverty in strikingly different national contexts shows the dominance of the IFIs where “PRSPs show an intriguing face of globalization”.²⁶ For example, in the context of Bolivia, Honduras and Nicaragua, Dijkstra has noted that donors’ swayed the process and content of their PRSPs in such a way that the strategies “can hardly be considered as ‘owned’ by the countries”.²⁷ In view of all this, it seems that the journey from the infamous SAPs of the 1980s and 90s to PRSPs in the new millennium is not a radical shift but sufficient enough to keep the lenders satisfied and happy.

Besides this, governments are required to follow an extensive participatory process in the formulation of PRSPs and incorporate the inputs of all relevant stakeholders. To be potentially effective, PRSPs need to “operate at different levels within the country (national, regional, local)”²⁸ and need to foster meaningful partnerships between local authorities, the private sector, civil society and donors for implementing development programmes. The author asserts that successful PRSPs pursue an active participatory process to reach the grassroots communities. He argues that

*“By participating actively in poverty reduction strategies and reflecting on their own problems and needs, poor communities can release considerable energies and create local ownership, leading to more appropriate, sustainable solutions”.*²⁹

Therefore, participation not only increases the effectiveness and sustainability of PRSPs but “it is also an end in itself to the extent that it contributes to strengthening the rights or empowers the poor, thus directly addressing a key dimension of poverty”.³⁰ To be truly successful, these plans need not merely to consult other stakeholders, particularly poor communities and other vulnerable groups, but their reflections and inputs on the causes of poverty need to influence decision making.³¹ This is the key for empowering the poor and vulnerable communities. The more they are heard and their reflections are incorporated in PRSPs, the more these plans will be representative of a wider poor community.

However, as mentioned earlier, the question arises here to what extent are the more relevant stakeholders or intended primary beneficiaries engaged in the poverty reduction plans in general and more so in the context of Pakistan. Cox and Healey observe that donor practices illustrate that the intended beneficiaries are almost never involved in the initial planning when projects are identified and the decision of funding is made.³² They argue that it happens irrespective of that fact whether identification is done by the central government in a recipient country or by a donor. It implies that genuine participation of poor communities, which according to the authors mentioned earlier is imperative for successful PRSPs, is rarely if ever practiced.

The formulation of the PRSP process has been criticized on similar grounds in the Pakistani context. It has been pointed out that despite the overwhelming rhetoric of participation in PRSPs, neither a number of political parties nor other stakeholders such as trade unions, civic and professional bodies, academics, media and a range of other potential stakeholders were engaged.³³ Civil society expressed complete dissatisfaction the way the government carried out the process of consultation during the I-PRSP formulation. In a letter addressed to the GoP and a host of multilateral bodies including the IMF, WB, Asian Development Bank (ADB) and the UN, leading Pakistani NGOs vowed that they formally reject the document because the government had not followed the requisite comprehensive participatory process.³⁴ These observations suggest that PRSPs lack genuine ownership and participation and fail to incorporate feedback, reflections, inputs and opinions of a host of potential actors, particularly in the context of Pakistan.

Putting these shortcomings aside, Pakistan's PRSP has attempted to outline a development agenda emphasising the role of the private sector, macroeconomic stabilization, trade, financial sector as well as re-orientation of budget towards social sectors including education, health, and poverty alleviation. The paper is also aligned with the MDGs and has put emphasis on capacity building, effective implementation of development interventions and monitoring mechanisms to achieve these targets.³⁵ On their part, the IMF and World Bank approved Pakistan's PRSP in 2004 and observed that the strategy provides a coherent framework for addressing the problem of poverty.³⁶ The IMF statement also endorsed the participatory approach followed by the GoP during the I-PRSP as well as in the full PRSP formulation. Seen against the backdrop of the letter sent by Pakistani NGOs to the GoP mentioned earlier, the IMF observation seems quite ironic but at the

same time also very encouraging for the GoP. Once the IFIs approved the PRSP, the government was satisfied and did not bother to address the concerns of domestic stakeholders. This shows that although domestic civil society was not satisfied with these plans, the IFIs were, and it was the latter that mattered for the GoP instead of the former. However, whether good or bad, the PRSP became an important policy document for the GoP that envisaged the country's economic policy regime over the next few years.³⁷

In 2010, the GoP launched the second generation PRSP. The PRSP-II covered the period 2008/09 to 2010/11 but the government claimed that the document provided a policy framework that was relevant and applicable beyond this timeframe.³⁸ A number of key areas related to poverty reduction were prioritised and identified in the plan. There were 17 pro-poor sectors, which came under five main themes consisting of (i) market access and community services, (ii) human development, (iii) rural development, (iv) safety nets, and (v) governance.³⁹ These sectors are comprised of (i) roads, highways and buildings, and (ii) water supply and sanitation under the market services; (iii) education, (iv) health, (v) population planning and (vi) natural calamities under human development; (viii) agriculture, (ix) land reclamation, (x) rural development and (xi) rural electrification under rural development; (xii) subsidies, (xiii) social security and welfare, (xiv) food support programme, (xv) Peoples' Works Programme and (xvi) low cost housing in the category of safety nets while governance includes (xvii) administration of justice and (xviii) law and order.

As in the preparation of the first PRSP, the government also followed a participatory approach during the formulation of the second PRSP. According to the GoP, 54 consultations were carried out in 21 districts and dialogues were held with a total of 1,214 participants consisting of 646 male and 568 female during the preparation of the PRSP-II.⁴⁰ The government claimed that an extensive participatory process was followed and a diverse range of participants were engaged consisting of "small farmers, daily wage labourers, employees of public and private sectors, unemployed members of the labour force, people engaged in small enterprise and students".⁴¹ The document stated that the consultations were aimed at exploring to what extent the participants deemed the earlier PRSP had brought positive changes for them and how these could be made more effective for the alleviation of poverty. It is interesting to note that the government held consultations with

1,214 individuals out of a population of more than 170 million and it claims that a “fully participative process”⁴² has been followed during the formulation of the PRSP-II. Hence, like the earlier PRSP, the participatory approach of the PRSP-II was not as extensive as it should have been in a country like Pakistan, where there is a wide socio-economic disparity across provinces, rural and urban areas as well as across gender.⁴³

Other Long-term Development Policies of the GoP

In line with the aims and objectives of PRSPs, a new long-term plan ‘Vision 2030’ was launched by the GoP in 2007. The principal mission and target of this plan is a “developed, industrialized, just and prosperous Pakistan through rapid and sustainable development in a resource constrained economy by deploying knowledge inputs”.⁴⁴ The document was prepared focusing on six thematic areas, encompassing the 17 pro-poor sectors mentioned earlier in the PRSP-II. The Vision 2030 came into existence after the accumulation and incorporation of papers and reports by several experts in their respective fields from across the country, followed by detailed sessions and consultations of other relevant stakeholders, and feedback and contribution of provincial governments and relevant line ministries.⁴⁵ The long-term plan emphasizes the commitment of the government to remain focused on areas such as macroeconomic stability, poverty reduction, infrastructure development, human resource development and energy growth. The document clearly perceives that the role of the international institutions will be significant in determining the course of sustainable development envisioned by the GoP. It states that international bodies,

*“Are much more intrusive into national societies ... their policy prescriptions tend to make national borders irrelevant. This can seriously affect the ability of a state to meet its governance targets”.*⁴⁶

This assertion can be linked with the PD principles where signatories pledged that aid-receiving governments need to play a central and leading role in the process of development by choosing their own path of progress tailor-made by their own strategies, needs and priorities. It implies that donors need to move away from the old pattern of top-down approach: coming up with already perceived set of notions, activities and strategies based on their own knowledge of their own settings. In line with the PD principles and the rhetoric of the new aid paradigm, the government has

articulated in the above document that donors' assistance will be more valuable and result-oriented if it is utilized where the GoP requires it most, rather than donors themselves decide where and how to spend aid funds.⁴⁷

These policy plans – PRSPs and Vision 2030 – are not to be viewed in isolation. They are interlinked and complement each other in terms of the overall development priorities and projected activities of the GoP. The Vision 2030 is to be operationalized and reached at through a series of medium-term plans. To this end, the government came up with MTFD, which envisioned the development priorities of the GoP for the phase of next five years. Although the first MTFD (2005-2010) was launched before the Vision 2030, it was the beginning of the series of medium-term plans. It was the first MTFD which envisaged the picture of a 'developed, industrialized, just and prosperous Pakistan through rapid and sustainable development, in a resource constrained economy by deploying knowledge inputs'. Later, the long-term plan, the Vision 2030 broadens that dream further and makes it the corner stone to be achieved. The MTFD synchronised various development strategies with domestic as well as international commitments (such as the MDGs) and translated these commitments into actionable activities with outcomes to be achieved in the targeted period. In a nutshell, the MTFD provided a framework for translating the first phase of the Vision 2030 into action during 2005-2010.

The PRSP process was carried out by the Ministry of Finance, while the federal Planning Commission formulated the MTFD as well as the Vision 2030. The MTFD is much like its predecessor - the five year plans which the Planning Commission used to prepare. Though both policies complement each other, they also create confusion for the government departments as they consider the PRSP irrelevant in the face of the new document.⁴⁸ For example, it is stated in this policy plan that "the PRSP targets, strategies, policies and programmes are subsumed in the MTFD and aligned with the MDGs".⁴⁹ It implies that like the PRSP, the MTFD is also aligned with the MDG targets as it states that its first objective is to establish a just and sustainable economic system for alleviating poverty and achieving the MDGs. At the same time, it also means that after this plan the PRSP is no longer a priority as it has been incorporated in the MTFD. While this may be the case, the participatory nature of the MTFD is narrower than the PRSP. During the preparation of the MTFD, the inputs of only 32 working groups have been incorporated consisting of academia, private

sector, civil society, foreign donors and experts from the federal and provincial governments.⁵⁰ As the government had identified key policy areas in relation to poverty reduction in both PRSPs, one fails to see any new dimension added by the MTDf except that it has also incorporated the aims and targets set up in PRSPs.

Overall, it can be concluded from all these major medium- and long-term policy plans that to some extent the GoP fulfilled the pre-requisites outlined in the PD. The PD has asked aid recipients to formulate long-term result-oriented development strategies and plans. In the Pakistani context, PRSPs, the MTDf and Vision 2030 are key policy documents which have envisaged national medium- and long-term development priorities. At the international level, all development targets identified by government in these policy documents are aligned with the realisation of the MDGs. For example, the 17 pro-poor sectors identified and prioritised in the PRSP-II under five main themes consisting of (i) market access and community services, (ii) human development, (iii) rural development, (iv) safety nets, and (v) governance mentioned earlier are related to the MDGs as they all aim at the alleviation of poverty and provision of basic services to citizens. In an ideal sense, development partners, both bilateral and multilateral should pool their resources together and utilise in proper collaboration and co-ordination by developing appropriate mechanisms based on the PD principles and guidelines.

Although the GoP policy documents are the outcomes of participatory processes and provide future development directions of the country, fulfilling some of the prerequisites outlined in the PD, these plans also have certain weaknesses. First of all, as discussed earlier although the IFIs have endorsed the PRSPs, the GoP has not followed a comprehensive participatory process to capture and incorporate the inputs and feedback of a diverse range of stakeholders, particularly poor communities. Therefore, although the government claims otherwise, the participatory nature of these policy documents can be questioned. The second and more important issue is that these documents seem aspirational and idealistic and fail to put forward realistic directions to development partners concerning where precisely their assistance is needed. For example, while the PRSP-II reflects estimated costs required for accomplishing the MDG targets in three social sectors, the document does not provide a detailed directory of interventions required in these three sectors. At sectoral or thematic levels, these plans do not mention specific interventions that need to be undertaken in each sector. In general sense, all these plans have

identified key areas where development resources need to be targeted but these have not mentioned where and how much external assistance is needed for which particular development activities.

New Institutional Setups For Enhancing Aid Effectiveness

Besides coming up with major medium- and long-term policy plans, Pakistan has taken several other steps aimed at the realisation of the aid effectiveness agenda at the country level. These initiatives have been launched in collaboration with various development partners, both bilateral bodies and multilateral organisations. The government has taken these practical initiatives after 2005 in line with the PD agenda to augment coordination for effective utilization of foreign assistance. These initiatives are briefly discussed below.

Donor Coordination Cell and Aid Effectiveness Unit

One of the initiatives undertaken by the government was the establishment of the Donor Coordination Cell (DCC), a separate institutional set up inside the Economic Affairs Division (EAD), Ministry of Finance, which is the focal government body responsible for issues related to loans and foreign aid. Established in 2005, the function of this body was to deal with overall aid effectiveness issues at the country level by means of coordination and sharing information and to work towards the implementation of the PD at the domestic level. However, it became virtually non-existent as the former head left for higher studies and in 2006; it was replaced by the Aid Effective Unit (AEU), performing the same functions as that of the DCC. During interaction, officials in the AEU were confident that the establishment of this unit was an important step of the GoP exclusively dedicated to issues related to aid effectiveness, though the first author was also told that the unit was not appropriately staffed to fully perform its functions (personal communication with Senior Official, Aid Effectiveness Unit, Islamabad). The official stated that the key areas in which the AEU was working included the finalisation of the Foreign Assistance Policy Framework, the Paris Declaration Monitoring Surveys, maintenance of the Development Assistance Database (discussed below) and coordination with the Aid Effectiveness Steering Committee as well as with Thematic Working Groups on Aid Effectiveness. Besides these, the AEU also coordinates with donors on thematic issues and followed up proceedings and recommendations made in the Pakistan Development Forum

(PDF), an annual meeting between donors and the GoP (personal communication). Hence, the overall role of the AEU is to coordinate with a range of stakeholders and work towards the effective utilization of aid at the country level.

Establishment of a Development Assistance Database

In order to foster information sharing as well as promote transparency and accountability in the utilization of foreign aid, the GoP, with the financial assistance of the United Nations Development Programme (UNDP), established an online aid information management system in the form of Development Assistance Database (DAD) in 2006. DAD is maintained by the Aid Effectiveness Unit and bilateral and multilateral donors provide aid data consisting of commitments, disbursements and expenditures in particular sectors and areas. Officials in the EAD were of the view that it was a step towards increased transparency and accountability regarding utilization of external assistance. The Director of the Aid Effectiveness Unit stated that DAD has two key functions: to work as a pool of information for increased coordination, and as a tool for transparency and accountability (personal communication). Hence, the development of DAD is considered as a first step towards the realization of an efficient, timely and harmonised aid information sharing mechanism, as outlined in the PD. If effectively maintained and regularly updated, the DAD has the potential to play a key role in promoting the aid effectiveness agenda by means of increased donors' harmonisation and alignment of their aid efforts with the GoP development goals and priorities. However, some officials in the EAD stated that several donors were still not very keen to provide timely aid information through the system, irrespective of the fact that they have committed to this under the PD (personal communication). Due to this, the validity and reliability of the data and the consequent accuracy of the reports generated by the system can be questioned. There is also evidence that the reliability and accuracy of DAD remains in doubt not only in Pakistan but also in other developing countries including Indonesia and Sri Lanka.⁵¹

GoP-Partner Aid Effectiveness Steering Committee

Like the Aid Effectiveness Unit, establishment of the GoP-Partner Aid Effectiveness Steering Committee in 2006 is another initiative aimed at aid coordination and effectiveness. Unlike the Aid Effectiveness Unit, which is primarily staffed by GoP officials, the Aid Effectiveness Steering Committee is a joint team or group

consisting of the representatives of both the GoP and donor missions in Pakistan. From the PD perspectives, the key function of the steering committee is to serve as a valuable bridge and forum of dialogue and consultation between the GoP and the donor community. Issues related to proper and efficient utilization of development resources such as timely disbursement of aid to particular areas are discussed by the committee. However, unlike the Aid Effectiveness Unit, it is more a kind of an ad hoc approach as there are no streamlined and standardized mechanisms regarding the number of donors in the committee and the frequency of meetings (personal communication).

Establishment of Joint Working Groups on Aid Effectiveness

Another important initiative of the government in partnership with development partners is the formation of Four Joint Working Groups on Aid Effectiveness. Unlike the Aid Effectiveness Steering Committee which does not have a specified area of concern, the focus of the working groups is on four key areas consisting of (i) financial management and procurement, (ii) sector-wide approaches, (iii) harmonisation and, (iv) capacity development.⁵² The four working groups are comprised of Ministry of Finance and World Bank, Ministry of Education and World Bank, EAD and ADB, and Planning and Development Division and Department for International Development (DFID) of the UK. The functions of the working groups are to sort out hindrances in the implementation of the PD commitments by bringing improvements in the above four areas. So far, the Joint GoP/Development Partner Working Group on Aid Effectiveness has carried out reviews on some key issues related to aid practices at the national level. Major themes and issues identified in aid effectiveness areas in the context of Pakistan include: harmonisation of financial management and procurement and improving country systems, emphasis on sector-wide approaches, capacity development, and harmonisation of monitoring and evaluation systems.⁵³

Like the analysis drawn from the government policy documents discussed earlier, a somewhat similar assessment can be drawn from these various initiatives of the GoP. As there are various development plans but no uniform and comprehensive aid and development policy which tell where aid is actually required, so is the case with these GoP initiatives aimed at increased aid coordination. For an ideal aid coordination body at the country level, Fengler and Kharas suggest that it needs to have three major attributes.⁵⁴ These comprise: to be a single source of information

concerning all projects both current and future, to have a complete record of data of all departments and ministries constituting a single list of the country's sector-wise needs on the basis of which to negotiate with donors what they can do in those sectors, and to have the same principles of engagement for all donors and their implementing partners for following standardized procedures. As this paper has illustrated, the GoP aid effectiveness architecture possesses these in the form of PRSPs, the Aid Effectiveness Unit and DAD, but unfortunately they do not function as they need to. Rather than one specialised aid coordination body or agency that could coordinate effectively with donors as well as with different government ministries and departments, there are several organs such as the EAD and units set up within the EAD. The presence of several working groups and committees for aid coordination at times complicates the process rather than to streamline and simplify it. In the absence of one dedicated government organ specialised for the task, aid coordination and effectiveness seems a daunting challenging at the country level. Due to this, the government falls short of coming up with clearly formulated sector level plans and priorities and subsequent requirements for foreign assistance. This results in the lack of proper coordination and inefficient allocation of funds to certain areas, all contributing to the ineffectiveness of aid.

Conclusion

This paper has examined two vital aspects concerning aid effectiveness: firstly, the new aid paradigm and the 2005 PD as its embodiment, secondly, the aid effectiveness landscape of the GoP in the post-PD period. The principal element in the PD is that developing countries need to prepare their own development plans identifying their needs, which make the PD a practical embodiment of the new aid paradigm by placing aid-receiving governments and their institutions at the forefront in development policies and practices.

In the context of the PD's emphasis on country-owned national development strategies and plans, this paper has examined key development policies of the GoP. Pakistan has prepared and put in place full PRSPs and other long-term development plans such as the MTRF and the Vision 2030. These plans fulfill some of the prerequisites outlined in the PD as they are comprehensive in nature, home-made, result-oriented and have been formulated involving a range of national stakeholders and donor agencies. These documents translate the GoP vision and strategy into a clear

intended path of development. The key targets of these plans are to achieve macroeconomic stability, economic growth and poverty alleviation. Similarly, Pakistan has taken some solid steps such as establishment of the Aid Effectiveness Unit and Development Assistance Database to foster the aid effectiveness agenda of the new aid paradigm.

The paper has identified some gaps as well as linkages between GoP initiatives and the PD aid effectiveness paradigm. This study shows that the government has not followed an extensive and profound participatory process, which according to the PD is a pre-condition for successful poverty alleviation strategies. Similarly, although the GoP development plans outline domestic budgetary allocations and gaps to be filled by external assistance, there is no uniform and single national development policy that details sector level priorities and foreign aid requirements. Existing policy documents do not give details regarding where foreign aid is precisely needed. These plans do not mention specific interventions that need to be carried out in different sectors to achieve the intended development targets. In this sense, a gap continues to exist between these GoP strategies and the overall aid effectiveness agenda of the new aid paradigm, the essence of which is the PD. Nonetheless, there are also linkages between these development plans and the PD as the latter has made it clear that aid-receiving governments need to have result-oriented strategies to which donors align and harmonize their practices. Thus, the GoP has certainly moved some way forward as it has taken practical steps for increasing aid effectiveness. Overall, there is an evident lack of GoP ownership and leadership regarding how more effectively aid can be utilized and how donors can align and harmonize their aid disbursement procedures with those of the government.

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