

Keynote Address

Government of Liberia & Development Partners High-Level Summit

On Aid Effectiveness

Theme: “Maximizing High-Quality Aid for Growth and Development”

By H.E. President Ellen Johnson Sirleaf

(Delivered by the Minister of Foreign Affairs, H.E. Olubanke King-Akerele)

Monrovia City Hall, April 16, 2010

**Government Officials;
Legislature;
Development Partners;
Private Sector;
National and International Non-Governmental Organizations;
Other Distinguished Guests;
Members of the Press;
Friends, Ladies and Gentlemen;
All Protocols Observed.**

Thank you all for being here today. We are pleased to see the level of commitment to partnership displayed by your attendance in this two-day summit on Aid & NGOs. On July 12, 2006, seven months after my administration took over the leadership of Liberia, I engaged many of the partners here today at the Liberia Reconstruction and Development Committee (LRDC) Partnership Meeting and spoke about our mission and program for the future. On that day we detailed our objectives and plans, which led to the Interim Poverty Reduction Strategy (IPRS) and the *Lift Liberia* Poverty Reduction Strategy (PRS), which we are implementing today in partnership.

Today is another step – a step that will transform Liberia’s Aid and Development Ecosystem. This is an opportunity to think big; to be bold and to lead, ensuring that our future is different.

This summit is not an indication of failure, but rather a time to harness and take stock of the opportunities and potential that will ensure greater efficiency.

The hope is that we will engage in constructive dialogue in order to foster genuine partnership with all actors in the aid ecosystem in order to achieve our development goals by establishing clear policies and guidelines which will facilitate a genuine way forward.

The elimination of poverty is one of the greatest challenges facing the Government of Liberia. Via the PRS, we have accomplished a great deal in the war against poverty, but there is still much work to do in order to ensure that all Liberians lead prosperous lives, free of the burden of poverty.

Six years ago, most aid to Liberia came in the form of emergency humanitarian assistance, which was a response to Liberia's immediate need for the most basic of necessities. Today, we are on an ambitious path to long-term sustainable development. The clear shift in Liberia's needs must be accompanied by a change in the way the Government and its Development Partners conceptualize aid, so that together we ensure that development assistance to Liberia has maximum impact on the lives of Liberians.

In March 2005, over 100 Ministers, Heads of Agencies and other Senior Officials endorsed and committed their countries and organizations to continue the Paris Declaration on Aid Effectiveness. The Declaration is focused on five mutually reinforcing principles: **country ownership**, **alignment**, increase efforts in **harmonization**, **managing aid for results** with a set of measurable actions and indicators, and **mutual accountability**. The Paris Declaration lays out 12 indicators to provide a measurable and evidence-based means of tracking progress, and sets targets for 11 of the indicators to be met by 2010.

In September 2008, Ministers from over 100 countries including Liberia, heads of bilateral and multilateral development agencies, donor organizations, and civil society organizations from around the world gathered in Accra for the Third High-Level Forum on Aid Effectiveness. The Accra Forum took place against a rapidly changing international aid landscape. Countries such as China and India are increasingly becoming more important players in the international aid ecosystem, and there are more global programs and funds that channel aid to tackle specific problems, such as the Global Fund to fight AIDS, Tuberculosis and Malaria. Private organizations, such as the Bill and Melinda Gates Foundation, have become major funding sources, and civil society groups are increasingly active. These new actors bring substantial new resources and expertise to the aid process, but also increase the complexity developing countries face in managing aid. The Accra Forum encouraged the formation of

broad aid partnerships, based on the principles of the Paris Declaration that encompassed all players.

Over the past four years, the Government of Liberia and its Development Partners have operated through the Liberia Reconstruction and Development Committee (LRDC), a coordinated platform for implementing Liberia's post-conflict development agenda.

Despite progress made by the Government in the aid dialogue with sector line ministries, civil society and Development Partners on aid management, efforts have been undermined by capacity gaps, as well as unclear articulation of policies, procedures, roles and responsibilities.

In order to meet the Government's development targets, the formulation of a national aid policy has become necessary to ensure effective delivery and coordination of assistance. The rationale behind developing the Liberia Aid Policy is to clearly articulate the Government's priorities and guiding principles on the mobilization and management of aid to Liberia. This Policy is intended to guide Liberia's engagement with partners providing assistance to the country.

The document has been developed in the context of the Declaration, and sets ambitious goals that respond to Liberia's particular situation and needs. It is the outcome of extensive consultation with stakeholders from across the Government of Liberia, donor partners, civil society and the private sector, and will act as the guiding framework for the coordination and management of aid in Liberia.

The overall objective of this Policy is twofold: to improve the effectiveness of aid to Liberia and provide guidelines on the mobilization of high quality aid. High quality aid is defined as external assistance that aligns with the country's development plans and successfully impacts the Liberian citizenry. The Government recognizes that mobilizing better quality aid is more important than simply increasing external assistance.

The Aid Policy incorporates the five principles enshrined in the Paris Declaration on Aid Effectiveness: ownership, alignment, harmonization, managing for results, and mutual accountability. The four principles highlighted in the Accra Agenda for Action on Accelerating Progress are also incorporated in the Aid Policy, specifically predictability, use of country systems, conditionality, and untying of aid.

The following objectives have been identified as essential to the overall aim of improving aid effectiveness in Liberia:

- Country ownership and leadership, which drives the relationships between the Government and Development Partners;
- Utilizing country systems for planning and monitoring and evaluation, and ensuring capacity development will improve the Government's ability to coordinate and manage aid;
- Aligning aid with the Liberia Poverty Reduction Strategy and the County Development Agendas (CDAs) will ensure that development partner resources are supporting Liberia's priorities;
- Harmonizing assistance programs to minimize fragmentation and ensure coordinated support for the Government's programs;
- Improving the quality of information on aid flows and development outcomes;
- Mutual accountability with all stakeholders, including civil society, for a timely public dissemination of information on aid flows; and
- Ensuring transparency in reporting aid information and delivering the aid resources predictably.

In order to establish a firm anchor for alignment, the Government will continue efforts to strengthen the budget process through the Medium-Term Expenditure framework. At the sector level, as part of the transition towards budget support, Development Partners are encouraged to contribute to the already established pooled funds for health and education, and the trust fund for infrastructure. The Budget Support Working Group will, together with Development Partners, craft a framework for moving towards increasing budget support.

The Government's next preferred aid modality is budget support, as it also supports alignment to the Government's system and priorities.

The Government receives funding from multiple sources in each sector, delivered mainly through projects. Although there has been some use of joint assistance strategies, most aid has been externally allocated with only limited central coordination by the Government, leading to significant inefficiencies. Receiving external assistance from donors also comes at a cost to the Government. More effort to harmonize the procedures of Development Partners should be done in order to cut transaction costs and maximize time and use of resources.

With the passage of the Public Financial Management Act in August 2009, the Government is making significant strides in improving the quality of public financial management, executing expenditures transparently, auditing, public reporting, and intra-governmental coordination. The Government, in collaboration with Partners, is working to develop a Common Assessment Framework for PFM reforms. This Common Assessment Framework will also be the basis for Development Partners' budget support triggers in the future.

Strengthening Government coordination is important for effective aid coordination and management. Government's mechanisms for aid effectiveness lie predominantly at the Ministry of Finance and the Ministry of Planning & Economic Affairs. The Government is establishing an Aid Management Committee (AMC), which is co-led by the Ministry of Finance and the Ministry of Planning & Economic Affairs, and also consists of the Ministry of Foreign Affairs. Within the AMC, the Ministry of Planning & Economic Affairs will be responsible for all aid coordination, particularly the vetting of development funds to the country. The Ministry of Planning & Economic Affairs will also be responsible for working with Development Partners, Ministries and Agencies and NGOs in the implementation of our aid strategy and policy and reporting on their interests and concerns to the AMC.

The Ministry of Finance will be responsible for aid management, maintaining "a full database of aid flows and [will] produce reports on statistical records of aid flows data, including progressively bringing off-budget aid flows onto the budget" and managing the Aid Management System (AMS).

The Ministry of Foreign Affairs will report on bilateral partnerships as

opportunities and issues within them arise.

In closing, let me say that while the Government of Liberia and its Development Partners are making important efforts to realize a gradual reduction of dependence on external aid, it sees high quality aid as crucial to Liberia's development in the medium term. The country is currently on track to reach the Highly Indebted Poor Countries (HIPC) completion point later this year, but the need for assistance in the form of grants delivered in an effective manner cannot be emphasized enough. With sufficient high-quality aid in the medium term, the Government of Liberia can deliver efficient services to its citizens, stimulate economic development and reduce poverty.

We look forward to the active participation of all stakeholders during this summit for the growth and development of Liberia. At the end of each day of the summit, Government, Development Partners and Civil Society will sign a communiqué reaffirming principles and commitments made during the summit. We will all be held accountable to these commitments as they chart the way forward for aid effectiveness in Liberia.

I thank each of you for being a partner in this initiative to transform Liberia's aid ecosystem in order to maximize quality aid for growth and development.