



The future of the international aid effectiveness agenda – to 2010 and beyond

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SUMMARY RECOMMENDATIONS

The Paris Declaration and Accra Agenda for Action have made an important contribution to promoting donor reforms to improve aid effectiveness. However, UK and international commitment to meeting these reform commitments by 2010 needs to be urgently stepped-up.

UKAN believes that the Paris Declaration needs to be seen as one of a series of steps towards delivering effective aid. A future agreement therefore needs to be designed and agreed in 2011. It will also need to build on the Paris Declaration and be informed by the following principles:

- **Be designed and governed by a fully representative body (e.g. the UN) that gives partner countries an equitable role in its design and decision-making processes**
- **Include the full range of aid-related reforms of concern to partner countries and required to make aid more effective, including those neglected by Paris, (e.g. conditionality, division of labour, capacity building and untying)**
- **Promote concrete action in developing mutual accountability (donors and recipients holding each other accountable for their commitments through participatory processes) at the national level**
- **Include more robust indicators for measuring progress against commitments**
- **Include more ambitious targets for promoting progress**
- **Be monitored and surveyed by through a fully independent process**
- **Fully recognise the role of civil society and other relevant actors**

In addition, UK leadership in developing and implementing the Paris Declaration has been critical and will also be hugely important to efforts to agree on a new international framework on aid effectiveness in 2011.

1. Introduction

The 2005 Paris Declaration on Aid Effectiveness is the most comprehensive attempt to date to guide and coordinate international efforts to improve aid effectiveness. However, this frameworks, which focus on a range of commitments to be met by 2010, need to be seen as one of a series of steps towards delivering effective aid as its reforms only take us a limited way towards this goal.

The next two years provide an opportunity for the development community to build on the progress achieved by the Paris Declaration and agree an ambitious and progressive successor to it. This paper presents the views of the UK Aid Network (UKAN) on the achievements and remaining challenges of the Paris process and what principles a future aid effectiveness framework should build on.

2. Introducing the Paris Declaration

The Paris Declaration is the most comprehensive international attempt to date to define principles of effective aid, identify a wide set of reforms to put these principles into reality and agree a range of measurable targets to measure progress on these reforms.

The Paris Declaration commits donors to put **ownership** at the centre, **align** their support to country strategies, **harmonise** their procedures to reduce bureaucracy, as well **manage for development results** and build **mutual accountability**. Reforms focus on getting *aid on budget, making technical assistance country owned, using country systems, reducing parallel systems, predictability, using program approaches and coordination amongst donors.*

A consensus has emerged that reforms in these areas are critical to making aid more effective, in large part due to increasing awareness of the negative effect that these types of practices have on the impact of aid.

- What effect do inefficient and ineffective donor practices have on the impact of aid?***
- Tied aid reduces its real value by 15-30%, due to overpricing (ActionAid, 2006)
 - The unpredictability of aid reduces its value by around 20% (EC, 2009)
 - A study on Tanzania found that reporting to poorly coordinated donors took up 40-50% of the time of District Medical Officers; hosting took another 10-20% (WHO 2007)
 - Over 50% of aid to the health sector is delivered outside of government institutions, and therefore fails to build capacity of public health systems (WHO 2007)

3. Has the Paris Declaration delivered a step-change in aid effectiveness?

The Paris Declaration has played an important role in strengthening consensus around aid effectiveness reforms and creating pressure for such reforms to be undertaken. It has also helped to create a common language for donors and partners countries to use to take forward dialogue around aid effectiveness issues.

However, despite some progress in achieving the Paris Declaration targets since 2005 (mainly in relation to untying, coordinating technical assistance and the number of countries agreeing to undertake monitoring) it is clear that signatories still have some way to go to implement these quite modest commitments and most countries have not met most of their targets.¹

Many observers of the Paris process have also been keen to highlight some significant weaknesses that characterise it and which have contributed to limiting the impact it has had on delivering a step-change in aid effectiveness. These weaknesses relate to its governance, policy focus, monitoring and coverage, as expounded in more detail in the table below.

WEAKNESSES OF THE PARIS DECLARATION (PD)

Governance and ownership weaknesses - The PD was designed by donors (at the OECD) with little input from partner countries, a factor which is at the root of many other weaknesses. The PD has a strong focus on governments ignoring wider ownership (e.g. parliaments and civil society) in relation to aid.

Policy weaknesses – The PD does not focus on all the issues of concern to partner countries (e.g. conditionality, gender equality), only weakly scrutinises progress in key areas (e.g. technical assistance, untying) and includes some un-ambitious targets (e.g. on predictability and technical assistance).

Monitoring weaknesses - The monitoring of progress in implementing the PD is quite imprecise with ambiguities, self-reporting and OECD management of this process allowing donors to overstate their performance. Many of these limitations have been acknowledged by the OECD.

Coverage weaknesses - The 2008 Paris survey only covered around 33 partner countries and around 1/3 of global aid.

¹ The OECD warned in the 2008 survey on implementation (OECD 2008) that unless implementation was sped up the 2010 targets would not be met. In particular the survey highlighted that donors had made little progress in using country systems since 2005, had got only half of their aid on recipient country budgets and were engaging in mutual assessments of implementation in less than one in four countries.

In addition, at the 3rd OECD High Level Forum on Aid Effectiveness in September 2008, at which the development community met to review progress on the Paris Declaration, donors also committed to a range of new commitments in the Accra Agenda for Action (AAA), including on conditionality, predictability and use of country systems (see below). However, over a year after Accra most donors – including the UK - have not yet implemented these commitments.

ACCRA AGENDA FOR ACTION COMMITMENTS FOR IMMEDIATE
IMPLEMENTATION

Alignment:

Donors will immediately start working on and sharing transparent plans for undertaking the Paris commitments on using country systems in all forms of development assistance. (...) AAA, Paragraph 15d

Conditionality:

Beginning now, donors and developing countries will regularly make public all conditions linked to disbursements. AAA, Paragraph 25b

Predictability:

Beginning now, donors will provide full and timely information on annual commitments and actual disbursements (...).AAA, Paragraph 26b

Beginning now, donors will provide developing countries with regular and timely information on their rolling three-to-five year expenditure and / or implementation plans, (...). Paragraph 26c

3. UK performance on the Paris Declaration / Accra

The UK has performed comparatively well in implementing its Paris Declaration commitments. The 2008 survey (covering performance to 2007) on implementation found that in the countries where the UK's aid was surveyed in both 2006 and 2008 it had met its targets in all areas, except for getting aid on partner budgets (indicator 3), coordinating technical cooperation, (4.; still some way from meeting the EU target of 100%), reducing PIUs (6.) and predictability (7.). However, it should be noted that taking into account all countries surveyed in 2007 to which the UK delivers aid (32; compared to 22 of its partner countries covered by both surveys), its performance is also still some way short of targets related to coordinated technical assistance (4.), using program based approaches (9.) and carrying out joint analytical work (10b.) (OECD 2008). It is clear that the UK government still has some progress to make, especially considering that some of the Paris Declaration targets are quite un-ambitious and loosely defined.

Importantly, the UK Government played a leading role in ensuring that the 2008 High Level Forum on aid effectiveness in Accra delivered further commitments from donors and has since prioritised its efforts in areas where its performance is weakest - getting aid on budget, predictability and mutual accountability.

However, UKAN members are concerned that critical areas such as technical assistance and conditionality have failed to receive attention in the post-Accra prioritisation process by the UK. In addition, almost a year and a half after Accra, the UK is yet to fully implement some of the new commitments it made, including on alignment and conditionality, amongst others.

4. A new international agreement on aid effectiveness – Building on lessons from the Paris and Accra process

UKAN believes that the Paris Declaration with its 2010 deadline needs to be seen as one of a series of steps towards delivering effective aid. The Paris Declaration has helped to promote progress on aid effectiveness internationally, but it is clear that if aid effectiveness is to improve further a successor needs to be in place after 2010 and to

therefore be agreed at the 4th High Level Forum on Aid Effectiveness in Seoul in November/December 2011.

In order to ensure that a successor to the Paris Declaration builds on the achievements of the Paris Declaration and learns from its weaknesses, UKAN believes that it will need to conform to a number of principles and objectives:

- **Be designed and governed by a fully representative body (e.g. the UN) that gives partner countries an equitable role such processes**
- **Include the full range of aid-related reforms of concern to partner countries and required to make aid more effective, including those neglected by Paris, (e.g. conditionality, division of labour, capacity building and untying)²**
- **Stimulate concrete action in developing mutual accountability (donors and recipients holding each other accountable for their commitments through participatory processes) at the national level**
- **Include more robust indicators for measuring progress against commitments**
- **Include more ambitious targets for promoting progress**
- **Be monitored and surveyed by a fully independent process**
- **Fully recognise the role of civil society and other relevant actors**

These proposals point towards the importance of the negotiation, monitoring and overall governance of a successor agreement being handled by a more representative and neutral body than the OECD's Working Party on Aid Effectiveness. Housing such a process within the UN in the future would be an important step forward in terms of participation and legitimacy.

5. UK leadership vital on a successor to the Paris Declaration

Designing and achieving international consensus on a progressive, ambitious and inclusive successor to the Paris Declaration will not be an easy task. **The UK government has been one of the foremost champions of the Paris Declaration and therefore has credibility and experience to take on a leading role in negotiating such an agreement. It will therefore be critical for the UK to bring its leadership to this process from 2010, given that discussions on a post-Paris agenda are already beginning at the OECD.**

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This paper was produced by the UK Aid Network (UKAN), the network of UK development NGOs working on aid quantity and quality issues.

UKAN's Steering Group, consisting of Actionaid UK, Bond, CAFOD, Care International UK, Oxfam GB, ONE, One World Action, Publish What You Fund, Wateraid and World Vision UK managed its production and its wider membership of 20-25 other organisations were also consulted.

² These were the priority issues highlighted by developing countries to be dealt with at the 3rd High Level Forum on Aid Effectiveness in 2008