

A close-up photograph of a woman with a joyful expression, looking slightly to her left. She is wearing a vibrant red traditional garment with intricate floral patterns. Her hair is pulled back, and she has a small gold earring and a bindi on her forehead. She is working with a bundle of dry straw or harvested crops. The background is a soft-focus green field.

**UK PROGRESS REPORT
ON AID EFFECTIVENESS**

2008



Accra is not just about the technicalities of an international agreement, of interest only to aid practitioners. It is about the effectiveness of the whole international aid system...

The opportunity in Accra

In 2008 the international community has a unique opportunity to make sure the commitments on aid made at Gleneagles in 2005 – and reaffirmed in July at the G8 summit in Japan – really do succeed in making poverty history.

In September, the Third High-Level Forum on Aid Effectiveness will take place in Accra, Ghana. It is the first of three high profile international meetings, alongside the UN High Level Event on the MDGs and the Financing for Development Conference. What makes Accra unique is that partners from rich and poor countries will look at the nuts of bolts of what it takes to deliver aid on the ground – in ways that work.

Accra is a critical moment for the international community to take stock of progress against the Paris Declaration (PD) commitments on Aid Effectiveness, and to agree the actions needed to accelerate progress as we near the 2010 deadline.

Ministers from more than 100 countries, heads of bilateral and multilateral development agencies, donor organisations, and civil society organisations will join a three-day session from September 2nd. Progress in implementing the Paris Declaration will be assessed on the basis of surveys and progress reports to create the “Accra Agenda for Action” (AAA). This will set out the concrete steps that donors and partner countries agree to take to ensure that all aid has the maximum possible impact on poverty reduction.

Accra is not just about the technicalities of an international agreement, of interest only to aid practitioners. It is about the effectiveness of the whole international aid system – about making it fit for its purpose. Accra is about ensuring that the financial resources provided by rich countries to poor nations actually improve the daily lives of millions of people, and move the world closer to achieving the MDGs.

This report highlights the progress the UK has made on aid effectiveness and outlines the issues on which we believe action should be agreed at Accra.



Class of children,
Kinshasa, Congo.
© Sarah MacGregor
/DFID



But what is ‘aid effectiveness’ and why should we care about it?

The following sections:

- unpack the concept of aid effectiveness and set out the steps needed to ensure that each pound we spend goes as far as it can in lifting people out of poverty;
- outline the Paris Declaration principles and why these are vital if aid is to reduce poverty;
- chart the progress being made by the UK, with examples of the application of the PD principles in Africa, Latin America and Asia;
- set out the challenges on which Accra needs to agree concrete action.

Eradicating poverty is the global priority of our time and ought to be a feasible goal by 2025, if both donors and partners can agree now to take the necessary steps.

Why is aid effectiveness important?

One billion people, most of them in Central Asia and Africa, live and die in appalling conditions. The majority of these are women and girls. Around 400 million of them are trapped in chronic poverty and, without drastic action, will die before their time as a result of preventable disease and malnutrition, inextricably linked to poverty. They will leave their children to inherit a similar fate of multiple deprivation and political exclusion. Eradicating poverty is the global priority of our time and, if both donors and partners agree now to take the necessary steps, it can be a practical reality by 2025.¹

While aid has not yet solved the problem, it has stopped an appalling situation from becoming worse by supporting economic growth, improving governance, and providing resources for essential medicines, infrastructure and other public services. Though more must be done, the successes are visible: 41 million more children are in school; school enrolment rates for girls are rising across sub-Saharan Africa; 3 million more children survive every year; and 2.5 million more people now receive AIDS treatment than in 2003.



Hospital daycentre,
Kampala, Uganda.
© Penny Tweedie/Panos

¹ *Chronic Poverty Report, 2008-9*, Overseas Development Institute (ODI) London, 2008.

This July the G8 meeting in Japan reaffirmed commitments made at Gleneagles (2005) to provide an additional \$25 billion for Africa and \$50 billion globally by 2010. But aid alone is not enough. What matters is not just the quantity of aid but its quality. Aid can be made to work much harder, pound-for-pound, in reducing poverty and there are four key ways to do this:

- Aid has to be allocated efficiently and effectively, with resources channelled systematically to countries and regions where it can have the greatest impact on poor people. At present global aid is allocated on a piecemeal, and often politically motivated, basis. Only a third of all aid goes to least developed countries. Some countries (so called ‘aid orphans’) are left behind for lack of sufficient interest, despite their very high levels of poverty.
- Aid needs to be spent in ways that achieve the best outcomes for poor women, men and children. This means spending it on the right things and through the most effective channels so that resources go to the priorities determined by the recipient countries and their citizens.
- Donors and partners need to know the results of aid, and be able to hold each other to account. This means monitoring whether or not aid is reducing poverty and learning what changes are needed to make it more effective in improving the lives of poor people.
- Aid needs to promote long term changes so that poor countries escape from aid dependency, rather than unsustainable ‘quick fixes’ that simply store up problems for the next generation. This means using aid to build effective and accountable states – on which citizens ultimately depend – so that states can stand on their own feet, and their citizens can lead full and productive lives.



Bathtime, Guatemala.
© Adam Hinton/DFID

What is being done to make aid more effective?

The 2005 Paris Declaration on Aid Effectiveness (PD) is an important part of the concerted international effort in recent years to tackle persistent problems in the aid system. These problems became severe in the 1990s, leading to a crisis of confidence and dwindling aid flows. This international response included:

- The 2000 Millennium Development Goals – the first basic agreement on the purpose of development assistance;
- The Monterrey Consensus of 2002, when 50 heads of state agreed to mobilise additional finance to help reverse the decline in aid flows;
- The 2003 Rome Declaration, which set out steps to align aid to national development priorities and make it less donor driven.

In Paris in 2005, over 100 donors and partner countries drew on the hard lessons of the past to agree comprehensive, practical measures to make aid more effective in meeting the MDGs. The PD contains 56 commitments and 12 quantified targets to track and encourage progress. Targets for the year 2010 have been set for all indicators with the exception of untying aid.



What matters is not just the quantity of aid but its quality.

These targets reflect five key principles:

- 1 OWNERSHIP:** recipient countries should lead their own development policies, strategies and coordination. At least 75% of countries should have operational strategies in place.
- 2 ALIGNMENT:** donors should base their support on the national development strategies, institutions and procedures of recipient countries by:
 - reporting their aid spending to governments;
 - coordinating advice and training ('technical assistance');
 - using government financial systems;
 - reducing donor-run project implementation units (PIUs);
 - making aid predictable by disbursing on schedule.
- 3 HARMONISATION:** donor actions should be visible, transparent, and collectively effective. More aid should be provided to programmes, rather than individual projects, and, more donor missions and analytical work should be conducted jointly
- 4 MANAGING FOR RESULTS:** aid should be managed in ways that focus on desired results and use information to improve decision-making. The number of countries lacking the necessary frameworks should be cut by one third
- 5 MUTUAL ACCOUNTABILITY:** donors and partners should be accountable to one another and to citizens for development results. All countries should have the systems to achieve this accountability.

Country ownership is the cornerstone of the PD, as aid alone cannot deliver poverty reduction... the overwhelming evidence is that aid works when countries set their agenda and fails when donors try to impose their own.

Why are these principles so important?

Country ownership is the cornerstone of the PD, as aid alone cannot deliver poverty reduction. Many of the actions needed to achieve the MDGs, such as providing a stable environment for growth and increased incomes, rest with governments and civil society. The overwhelming evidence is that aid works when countries set their agenda and fails when donors try to impose their own.

Alignment means donors basing their support on national development strategies, institutions and procedures. Without this, the task of building effective accountable government systems can be impossible. In Rwanda, for example, the most prevalent diseases receive only a small share of health aid because donor and NGO projects pursue different priorities.²

Donor aid is often unpredictable and volatile, making it difficult for partner countries to plan the spending that will make a difference to poor men and women. According to recent estimates, this reduces the value of aid by as much as 22%³. The Democratic of Republic of Congo, which relies heavily on aid to meet the recurrent costs of running its health system, has seen facilities under-used because of unreliable donor funding.

Many donors create parallel project implementation units (PIUs), avoiding government systems because of concerns about weak capacity and potential corruption. One survey found an average of 62 such units in low income countries, and in some countries more than 130. This exacerbates the problems, draining governments of their best staff and leading to a vicious cycle of weak capacity and further loss of confidence. The PD recognises that working with systems, not around them, is the key to effective and sustained capacity building.

Harmonisation means donors adopting common, simple procedures. The less donors coordinate among themselves, the more that government staff and ministers are dragged away from essential business to respond to different donor requirements, including huge numbers of separate donor missions.

Over the last four years, for example, government staff in Uganda have dealt with over 1,000 different projects. Government staff in Mozambique spend much of their time maintaining a similar number of different bank accounts to meet donor requirements. In Vietnam it took 150 people 18 months to work through donor procurement procedures to purchase just five vehicles. In Bangladesh the government has had to deal with over 200 missions every year – in Cambodia,

22%
value of aid lost
because it is so
unpredictable

1000
number of
different
projects
dealt with by
government
staff in Uganda
over four years

150
number of
people in
Vietnam it took
to purchase
5 donor funded
vehicles over
18 months



² *Scaling up to achieve the health MDGs in Rwanda*, Rwanda Ministry of Finance and Economic Planning and Rwanda Ministry of Health, in conjunction with the World Bank, 2006.

³ *Measuring the cost of aid volatility*, Wolfensohn Center for Development Working Paper, The Brookings Institution, Washington, DC, 2008.

the number is close to 400. The problem has become so acute that governments in some countries such as Rwanda and Tanzania have introduced donor ‘holidays’ to free up time to run their own countries.

230
number of
international
organisations
and funds in
the aid system

The importance of harmonisation has been growing as new players have entered the aid system, which now consists of more than 50 bilateral donors and over 230 international organisations, funds and programmes.

Partners need to focus on development results so that they know what is being achieved on the ground and learn to design better programmes. Recipient country governments, parliaments and civil society organisations often find it difficult to find out where money is being spent, and what it is achieving. Investing in a country’s own statistical and monitoring systems is more helpful than establishing separate donor reporting systems, as shown by St Vincent, a tiny island of 117,000 people, which was asked to monitor over 190 indicators on HIV and AIDs.

190
number of
indicators on
HIV and AIDS
that St Vincent
had to monitor
for donors

Mutual accountability is vital because the relationship between donors and recipients is inherently unequal. While recipients are required to explain their performance to donors in return for funds received, there are virtually no systems that require donors to explain their performance to partner governments and their citizens. Donors have weak incentives to deliver on commitments to make aid more effective, especially in the most aid-dependent countries that cannot take the risk of losing funds. In some cases, countries spend more time justifying their policies and performance to donors than to their own citizens. There is, however, strong evidence that mutual accountability arrangements can, and do, lead to improvements in donor behaviour as we illustrate in the next section.

Mutual accountability is vital because the relationship between donors and recipients is inherently unequal.

4

What is the UK doing to make aid more effective?

DFID would like to see the whole international aid system become more effective in reducing poverty. To achieve this, DFID aims to act as a model of good practice on aid effectiveness, and to drive wider reform in the way aid is provided. Since the UK provides just 12% of global aid what we can achieve acting alone is limited, and ultimately countries themselves must take the lead in achieving results on the ground – backed by a strong international system.

12%
amount of
global aid
contributed
by the UK

UK Leadership

The 1997 International Development White Paper expressed the UK's fundamental commitment to strengthen partnerships between donors and developing countries. Our 2000 White Paper built on this by pledging UK support for the 0.7% GNI target, ending tied aid, strengthening debt relief and reforming the multilateral system. The most recent White Paper in 2006 committed the UK to implementing the PD and a series of further aid effectiveness objectives going beyond the Paris Declaration. These include rolling out long term (10 year) UK commitments to partner countries, further measures to strengthen country ownership and effective monitoring of commitments.

The International Development Act (2002) made poverty reduction the ultimate purpose of all UK development assistance, fixing this in UK law and enabling DFID to focus on the effective use of aid, free from commercial or geopolitical constraints. The 2006 International Development (Reporting and Transparency) Act now requires DFID to report annually to parliament on the effectiveness of both bilateral and multilateral aid in meeting the MDGs.



The MDG Call to Action was launched by the Prime Minister in July 2007 to encourage the international community to accelerate progress towards the goals.

Driving reform of the international system

At the international level the UK played a lead role in supporting the 2000 agreement on the Millennium Development Goals (MDGs) – a huge step forward. At Gleneagles in 2005, the world's leading industrialised nations agreed a series of commitments to provide both more and better aid to meet the MDGs. In the same year, EC member states agreed on stretching targets to increase their aid flows in line with the 0.7% UN target.

47
number of
heads of
government
signed up to
the MDG Call
To Action

The MDG Call to Action was launched by the Prime Minister in July 2007 to encourage the international community to accelerate progress towards the goals. The Call to Action is harnessing the efforts of governments, private sector, civil society, NGOs and faith groups. Since its launch, 47 heads of government, along with the EC and over 60 private sector leaders have signed up to the initiative and in September 2008, the UNSG and the President of the General Assembly will be hosting a UN High Level Event on the MDGs to take stock of progress and set a course for the 2015 deadline.

The UK government pioneered the International Health Partnership (IHP) launched by the Prime Minister in September 2007. The IHP is now being implemented by global health agencies under the joint and strong leadership of the World Health Organisation and the World Bank. It is part of the global campaign to tackle areas that are slowing progress towards the achievement of the health MDGs, particularly maternal mortality. The governments of eight developing countries that helped design the IHP are part of the first wave of this effort.

The UK recognises that emerging donors now account for a large and increasing share of global aid. For this reason we are working with newer actors – official donors, new private sector donors and foundations – towards more coordinated development support. We have established a regular high level development dialogue with the Government of China, reinforced in the recent UK-China summit, and entered a new partnership to achieve the MDGs with the Indian government. In addition we are widening discussion on aid effectiveness through active collaboration with key foundations.

Ensuring DFID is a model of good practice

DFID is putting its high level commitments into practice internally in several ways. Aid effectiveness is thoroughly integrated into DFID's business planning – including commitments with the UK Treasury – and internal procedures and guidance. A new Results Action Plan is embedding results-management more deeply into DFID culture, while our decentralised structure gives managers the flexibility they need to respond to circumstances on the ground. DFID is working actively with a range of other UK government departments, recognising that policies, for instance on trade and climate change, can be at least as important for poor countries as providing aid.

DFID works to ensure that aid channelled through multilateral organisations, including the UN, is as effective as possible. We work with a range of stakeholders to build understanding around practical approaches to improving multilateral effectiveness. We are supporting the “one UN” initiative and providing additional resources where UN country teams are organising their support, together, behind country plans.

At country level, we work to implement the Paris Declaration by supporting effective partnerships between partner countries, donors and civil society. We also help strengthen government budgeting and procurement systems so that all donor and government resources are well spent, and to build the confidence donors need to use country systems instead of their own. By working with partners to build effective states and systems of governance we are helping combat corruption across the board. Benefits can be dramatic. In Zambia DFID support for abolition of health user fees reduced opportunities for corruption and significantly increased access to primary care by poor people.



Oral polio vaccination, Zambia.
© Giacomo Pirozzi/Panos



Progress against the Paris targets

According to the most recent monitoring survey, DFID has made very good progress towards the Paris targets⁴. Three years ahead of the 2010 deadline, we have met or exceeded seven of the ten targets, and are very close to meeting one other⁵. We are on track to meet the remaining two targets, and are taking steps to accelerate progress in these areas.

Some areas have seen particularly strong progress. We have phased out more than half of our parallel ‘project implementation units’ (PIUs) across the 33 survey countries⁶. We now have only 18 such units across these countries, placing us very close to the Paris target. And we have sharply increased the share of aid provided through ‘programme based approaches’, in which donors work together to support locally owned and led development programmes: 71% of aid across the 33 countries is now provided in this way, up from 61% in 2005 and ahead of the Paris target of 66%.

We have increased the share of our technical assistance provided through co-ordinated, country led capacity building programmes – up to 66% from 56% in 2005, and well clear of the Paris target of 50%. We have seen good progress in the share of missions conducted jointly with other donors, an increase from 46% to 61%.

Our use of country public financial management and procurement systems remains very high and well above the EU target level of 50%. Our ability to use country systems is determined on a case by case basis depending on country circumstances, which may explain the fall in the use of country procurement systems between 2005 and 2007.

We are making progress towards meeting the two remaining targets: ensuring that aid is recorded on partner country budgets; and making aid more predictable. Changes in the methodology for calculating these two indicators make them challenging for DFID⁷, but on current trends we are on track to meet them. We are committed to making faster progress in both areas, and will be working with partner countries to undertake analysis into the key bottlenecks and how they can be overcome.

A summary of our progress in meeting those PD targets which are relevant to donors (targets 3-10) is shown on the following table.

⁴ All data in the table and quoted in this section is drawn from the 2008 and 2006 Paris Declaration Monitoring Surveys.

⁵ The Paris survey was carried out in 2008 but uses 2007 data.

⁶ Note that all data on progress and the targets are calculated only for the 33 countries which participated in both the 2006 and the 2008 Paris surveys. This is in line with the methodology used by the OECD DAC.

⁷ In the 2006 survey, this figure was taken as a weighted average, with countries which receive a larger amount of aid being given more weight. In the 2008 survey, changes in the methodology mean that an unweighted average is used. DFID's score is considerably lower when measured according to the unweighted average.

UK progress against Paris Declaration targets

Indicator	2005 (33 countries) ⁸	2007 (33 countries)	2007 (all countries)	2010 target (33 countries)
3 Aid flows are aligned on national priorities	45%	62%	55%	85%
4 Strengthen capacity by co-ordinated support	56%	66%	48%	Target of 50% achieved
5a Use of country public financial management systems	78%	77%	66%	EU Target of 50% achieved
5b Use of country procurement systems	78%	68%	59%	EU Target of 50% achieved
6 Avoid parallel implementation structures (PIUs)	37	18	45	12
7 Aid is more predictable	48%	62%	55%	74%
8 Aid is untied	100%	100%	100%	Target achieved
9 Use of common arrangements or procedures	61%	71%	62%	Target achieved
10a Joint missions	46%	61%	58%	Target of 40% achieved
10b Joint country analytic work	69%	69%	61%	Target of 66% achieved

Note: progress towards the Paris targets is measured on the basis of the 33 countries participating in both the 2006 and the 2008 surveys.

⁸ South Africa is no longer participating in the Paris monitoring process, so the 2006 baseline has been recalculated to exclude South Africa. This explains the slight discrepancy between these figures and those published previously.

1000
number of
Sudanese
health facilities
receiving
essential
supplies
through a
co-ordinated
donor
programme

47
number of
rehabilitated
hospital
wards in Juba,
Southern Sudan

Country examples

Efforts being made by the UK to apply the Paris principles on the ground are producing concrete results, as shown in the following examples from a varied group of low income countries.

Ownership

Strong ownership of policies and programme is needed if aid is to have a real impact and build local capacity that is sustained over time.

In Ghana, for example, the UK has worked with a range of partners to develop a joint donor assistance strategy that puts the country's national development strategy centre stage. The government has reaffirmed the importance it attaches to ownership in its new aid policy, making clear its desire for aid to be less supply driven and better coordinated.

Where aid has been used to support Ghanaian programmes the results have been impressive. The removal of primary school fees, for example, with assistance from the UK among others, has achieved a turn around in school enrolments – these are now increasing faster than population growth, even in hard to reach and very deprived areas. Progress is also being made towards gender parity in primary education. A similar experience is being seen in relation to maternal health.

In Southern Sudan the UK has worked with partners to build government capacity from an extremely low base three years ago. The government now has a clear aid policy and is more able to direct foreign assistance to its priority areas.

A Joint Donor Team, working with UK support, is now aligning donor assistance with the programme of the Government of Southern Sudan (GoSS). Fragmented bilateral activities are gradually being replaced by flexible resources provided through a Trust Fund that is managed by the joint team. Achievements include:

- introduction of a basic package of health services highly integrated with GoSSs health strategy, in two Sudanese states, with the roll-out to additional states underway;
- delivery of essential medical supplies to over 1,000 health facilities, one million mosquito nets, and enough student and teacher kits for 850,000 pupils;
- improved access to safe water via 380 boreholes in a programme on track to extend these benefits to 500,000 people;
- improved availability of food through improvements to a 500km road network providing vital links to Uganda.

In the capital, Juba all 47 wards of the local hospital have been rehabilitated and handed over; government ministries have been given the premises they need to function, having previously been housed in tents or the shells of old buildings; and two kilometres of water and sewerage pipes have been put in place.

The UK has worked with the government of Vietnam to develop a long term “development partnership arrangement” (DPA) that puts government ownership at the centre. The government, impressed by the programme’s visible results, now sees this as a model for effective donor engagement.

In financial management, for example, the Vietnamese government is now better equipped to manage its public debt, prioritise spending in health, education and infrastructure, and direct technical assistance towards its own capacity building agenda. The DPA has contributed to improvements in the less tangible area of human rights. According to local sources, discussions on press and religious freedom, and on major civil and criminal proceedings, have become more informed and less driven by ad hoc and often emotional media reports.

Harmonisation and Alignment

Aligning aid behind country strategies is essential to support ownership and build capacity by working with government systems. Harmonising aid behind country led strategies can help reduce the burden on governments of dealing with large numbers of donors. Providing aid through multi donor programmes, such as trust funds and budget support arrangements, are ways to achieve this.



Elections, Managua, Nicaragua.
© Dermot Tatlow/Panos

In Nicaragua, the UK has been working with the government and a group of bilateral donors to establish a new programme to support democratic governance, with funds provided through a Civil Society Common Fund. The fund is supporting more than 50 projects across the country. One of these, in Nicaragua’s most isolated and impoverished northern region, has created a new type of school designed to empower local people to work together and engage, constructively, in local democratic processes:

“Before the Common Fund came about each of us was pretty much like an island,” says one local community leader. ***“Not any more. Isolation is becoming part of our past... this is democratic governance in the making.”*** →

40%
increase in
visits to clinics
in Vietnam
following
improvements
in rural
transport
funded by
donors through
a harmonised
programme

In another community, where the Common Fund helps young adolescents engage in municipal decision-making, one participant had this to say:
“Now that we are working we have seen results: today we have a good water infrastructure, schools, bridges, roads and before we didn’t have anything.”

In Vietnam, the UK has worked with others to establish a fully harmonised mechanism to finance rural transport, closely aligned to the government programme. The results are dramatic. The number of days in the year communities find themselves cut off from District Centres has been reduced by 30%, with travel time cut by 20% in the dry season. School attendance is up by 3-5% and visits to clinics up by 40%. The contribution to growth in the economy is reflected by a major increase in traffic flow (70%) on rural roads.

Aid funds provided through closely aligned programmes are helping to raise incomes. Improvements in daily life are illustrated by a poor farmer, Mr Lu, who doubled his earnings from the sale of rice surplus from his 300m² rice paddy following the opening of a new irrigation scheme and better road access to his local market in Dai Son. This was a direct result of flexible funding provided by a group of donors for Vietnamese led programmes.

2/3
increase in
anti-natal visits
in Cambodia
under a
new health
programme
which follows
the Paris
principles

A similar story comes from Cambodia where the UK has worked with others to help establish a programme of assistance in health following the Paris principles. This is gradually overcoming the blockages created by a plethora of uncoordinated activity funded by 22 donors through 109 projects involving more than 100 NGOs for service delivery. New forms of contracting with NGOs are contributing to better service quality in health centres. NGOs are also playing a key role in improving access for poor people by refunding transport and service costs and advocating for better health care. The new way of working is achieving wider coverage and more resources for priority health needs than was previously possible. The number of births being delivered by professional staff has doubled, and ante-natal visits are up by two-thirds.

A programme of support for the fisheries sector, also based on Paris principles, is demonstrating how new approaches can free up government staff time and reduce administrative costs by up to 75%. Instead of attending to the requirements of different donor projects, staff have more time for communities. For example, they are now developing 200 new fishing rights agreements that will secure legal access for communities to traditional fishing grounds and enable them to manage their fish stocks in a sustainable way, keep profits and support their families.

75%
cut in
administrative
costs in
fisheries in
Cambodia due
to better
co-ordinated
donor support

In Nicaragua, UK initiatives are contributing to new agreements on delegated cooperation and an improved division of labour that will reduce the burden on government. The UK plans to close down its operations in Nicaragua and route funds via other bilateral donors; similar announcements are expected from other donors. In Ghana the UK is already sharing advisory staff with the EC and Netherlands, and routing UK funds for the water sector through other donors with a similar approach planned for agriculture.

Managing for development results

Donors and civil society have been working with the Government of Nepal in the health and education sectors to ensure more equitable access to basic services. Monitoring and data collection, based on ethnicity, gender and caste, have improved – highlighting disparities between different groups of people, for instance in maternal mortality rates. As a result, the government is redoubling efforts to reach the most excluded and tackle the many different barriers to access, both physical and cultural.

Mutual accountability

Mutual accountability mechanisms are encouraging donors to provide aid in more effective ways. In Vietnam, the Hanoi Core Statement on Aid Effectiveness has encouraged donors to meet commitments by putting in place an independent monitoring system. A new monitoring framework in Mozambique has contributed to a clear trend in improved donor performance and is helping the government take ownership of its reform agenda.

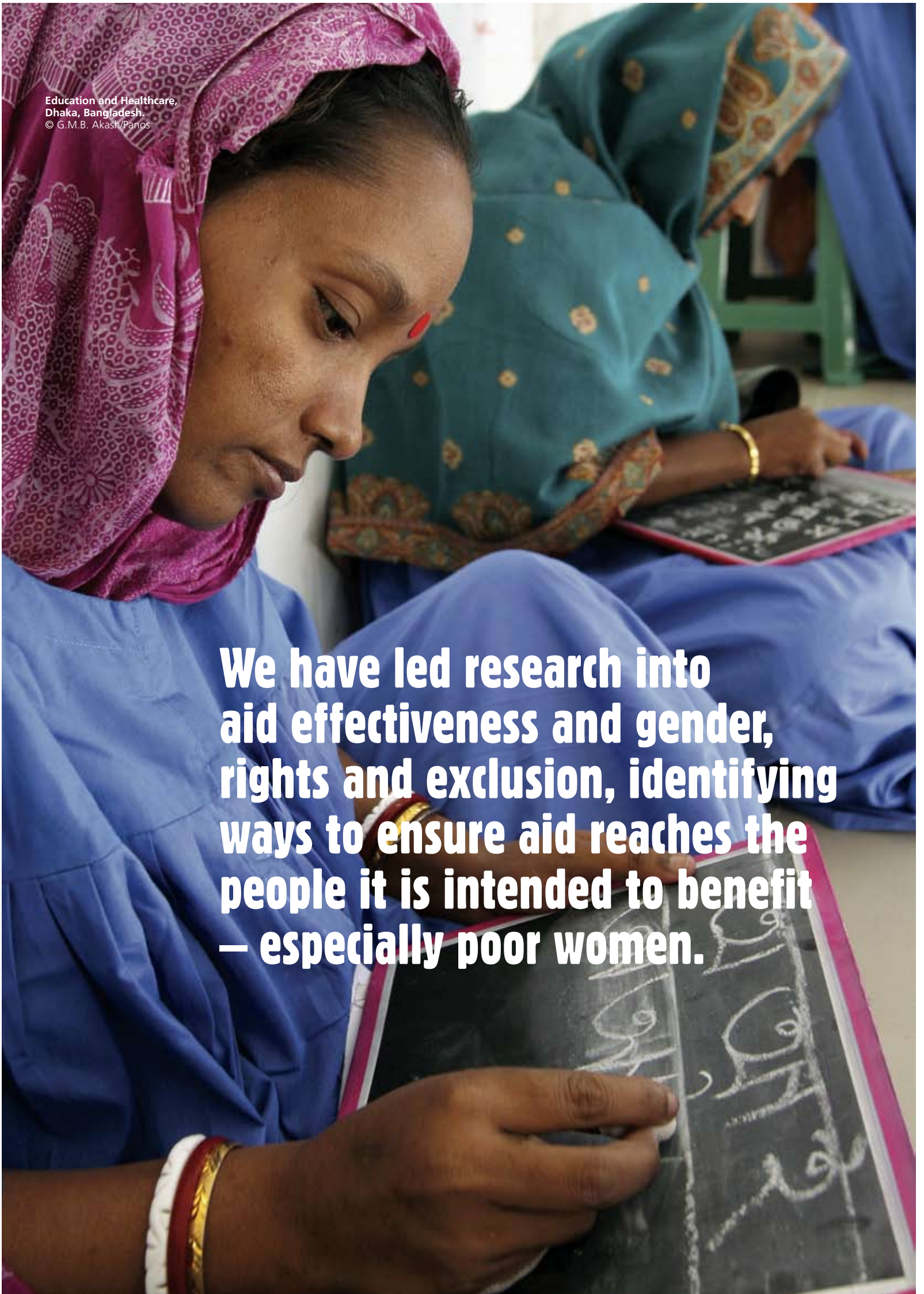
A transparent database has produced similar effects in Cambodia, which has seen the predictability of aid improve from 69% to 96% in the space of two years as measured by the PD indicator. It has also helped the government pinpoint difficulties with technical assistance, leading to preparation of new guidance that will help the authorities engage with international donors. DFID is working to strengthen mutual accountability in Cambodia by agreeing partnership indicators with the government, setting out commitments for both the government and DFID.



School children
in Nepal.
© Sagar Shrestha/DFID

Education and Healthcare,
Dhaka, Bangladesh.
© G.M.B. Akash/Panos

**We have led research into
aid effectiveness and gender,
rights and exclusion, identifying
ways to ensure aid reaches the
people it is intended to benefit
— especially poor women.**



What does Accra need to achieve and what role is the UK playing?

2008 is a critical year for international efforts to increase the quantity and quality of aid. It is vital that Accra delivers concrete measures to accelerate progress towards the MDGs.

The UK believes that a major effort is needed to build an aid system in which recipient countries take the lead. This means establishing aid management policies that have the teeth to make donor assistance less fragmented, and follow recipient priorities and systems that focus on results. It also means building stronger systems which can hold donors and governments mutually accountable to each other and to citizens.

The UK has been a strong supporter in the preparations for Accra through national and regional consultations, improving dialogue between the DAC, partner countries and civil society. We have helped international NGO networks to develop their perspectives and provide evidence on the PD in the run-up to Accra, and engaged UK civil society networks in the debate⁹. We have supported research into the application of the Paris principles in fragile states. We have led research into aid effectiveness and gender, rights and exclusion, identifying ways to ensure that aid reaches the people it is intended to benefit – especially poor women¹⁰.

In preparation for Accra, we are accelerating efforts to promote ownership and a more equal relationship with developing countries by supporting work on mutual accountability mechanisms at the country and international level, exploring – and filling – any gaps. Mutual accountability requires that both donors and partner governments account to each other for their performance



⁹ *Turning the Tables: Aid and accountability under the Paris Framework* Eurodad, 2008.

¹⁰ *Making Aid More Effective through Gender, Rights and Inclusion: Evidence from Implementing the Paris Declaration* OPM, SD Direct, Working Together, June 2008, www.opml.co.uk
See also http://www.oecd.org/document/34/0,3343,en_2649_3236398_40040290_1_1_1_1,00.html

against agreed commitments. We are calling for greater transparency on aid flows, greater use of independent evidence and analysis on individual donor and government performance, and greater scrutiny by parliaments and civil society. This will help increase the peer pressure, political will and momentum for change across the international community.

Unpredictable aid flows make it harder for partner governments to manage their public finance and almost impossible to put in place reforms with major long term spending implications. The Paris target, to release 75% of aid on schedule within one year is important, but we need to address predictability from a longer term perspective. We want to see an additional target on medium-term predictability and a regular DAC survey of forward aid plans. New support mechanisms that commit aid funds over longer periods are being developed, such as the European Commission's so-called MDG contract.

40%
reduction in
value for money
when aid is tied

The UK is supporting EU efforts to reach international consensus on a country-led framework for division of labour to reduce the heavy burden on partner countries of receiving aid from multiple sources. Whilst some progress is being made, continued rationalisation of donor effort in line with partner country priorities is essential.

The UK is concerned that high-level commitment to aid effectiveness is rarely translated into changes in agency behaviour on the ground. Delivering more aid, maintaining visibility and short-term accountability and, at the same time, raising aid quality has created opposing tensions within aid organisations. Moving beyond rhetoric to active changes in behaviour means establishing incentives within aid agencies. We would like to see donors review their policies and procedures against international best practice on incentives for agency effectiveness.

Partners consistently point to the damage to aid effectiveness that stems from tied aid – the requirement that aid must be spent on goods and services from the donor country. This raises the cost of needed goods, services and food aid by up to 40%. The untying of aid is clearly unfinished business and we believe we need a tougher indicator than merely “continuing progress over time”. We would like to see a commitment on the untying of aid that extends the current recommendation and sets concrete targets for 2010.

The priorities for the HLF we have outlined here closely reflect the views of recipient partners and civil society – including NGOs, think tanks, academics and aid practitioners. These views have shown through clearly during the preparations for Accra. Partners express particular concern that aid is still not being provided in ways that foster ownership of the development process. They also point to imbalances between the influence donors and countries bring to bear as a major obstacle.

An agenda for action for Accra

The UK is at the forefront of initiatives to ratchet up the effectiveness of the international aid system. Our ability to do this depends on a UK political environment in which international development enjoys strong leadership, a high public profile and an active and influential pro-development lobby. By galvanising attention we hope that Accra, in combination with other international development initiatives this year, will not only strengthen our own ability but that of our partners to make the huge push now needed to end global poverty.

Accra gives us all a chance that should not be missed. It is a real opportunity to learn from the ground about what works. It is a moment to agree on the action that is needed to make aid work much harder, as it must if we are to meet the MDGs. It is a chance to overcome the fragmentation of the aid system by tackling coordination issues and building a system that is fit for its purpose.

The Paris Declaration is not just a technical agreement. It is a political agenda for action. We must work together to grasp the challenges of building into aid relationships both strong partner country ownership and real accountability. Special interests have, in the past, overshadowed the politics of the aid system and its ability to reform. Now we need a clear political commitment to just one special interest group: the millions of poor people around the world whose lives will be affected by the decisions we make in Accra on 4 September, 2008.

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DFID, the Department for International Development: leading the British Government's fight against world poverty. One in six people in the world today, around 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution and diseases such as HIV and AIDS – are caused or made worse by poverty.

DFID supports long-term programmes to help tackle the underlying causes of poverty. DFID also responds to emergencies, both natural and man-made.

DFID's work forms part of a global promise to:

- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

Together, these form the United Nations' eight 'Millennium Development Goals', with a 2015 deadline. Each of these Goals has its own, measurable, targets. DFID works in partnership with governments, civil society, the private sector and others. It also works with multilateral institutions, including the World Bank, United Nations agencies and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of some £5.3 billion in 2006/07.

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