

FOCUS ISSUE 14: DEVELOPMENT ASSISTANCE

I. Overview of commitments

Africa:

Paris Declaration on Aid Effectiveness, 2005

- ◆ Developing countries made commitments to: exercise effective leadership over their development policies and programs; strengthen national systems and public financial management capacity with support from donors; manage resources and improve decision-making for results; and be mutually accountable for development results.

Accra Agenda for Action, 2008

- ◆ Developing countries and donors reaffirmed the Paris Declaration commitments and agreed on concrete and monitorable actions to accelerate progress to meet those commitments by 2010.

Development Partners:

On Aid Volume

Monterrey and Kananaskis G8 (2002)

- ◆ The Monterrey Conference on Financing for Development urged developed countries to make concrete efforts towards the ODA/GNI target of 0.7%. Subsequently, the European Union committed to reach an interim target of 0.39 percent and the U.S. to increase its ODA by US\$5 billion between 2002 and 2006.¹
- ◆ At Kananaskis in 2002, the G8 reconfirmed ODA commitments made in Monterrey.

Further Commitments Made in 2005

- ◆ The EU member countries as a group pledged in May 2005 to reach 0.7% of ODA/GNI by 2015 with an interim collective target of 0.56% in 2010 and individual target of 0.51% for the 15 pre-enlargement member states (EU-15) and 0.17% for new member states by 2010 and at least half of the increase going to Africa.
- ◆ At the subsequent G8 meeting in Gleneagles, other G8 member countries made further commitments, which together with contributions by other DAC donors would lead to a doubling of official development assistance to Africa to US\$50 billion a year² by 2010 compared to the 2004 level.

¹ Simulations performed by the OECD Development Assistance Committee on the basis of the EU and US and projections of support by other DAC member countries showed an increase of total net ODA from US\$57 billion in 2002 to US\$74.7 billion in 2006 (at 2002 constant prices). See Annex Table 1 for more detail.

² The commitment made at Gleneagles in July 2005 of doubling aid to Africa by 2010 (compared to 2004 level) has led to a number of questions such as whether Africa in the communiqué refers to both sub-Saharan Africa and North Africa and whether the increase in aid volume referred to is expressed in nominal or real terms. Inter-agency discussions led by the OECD/DAC have come to an agreement that Africa includes North Africa and that the US\$25 billion figure refers to the increase expressed in 2004 prices and exchange rates. To further add to the confusion, total net ODA in 2005 to Africa (only available in late 2005) was estimated at US\$29.2 billion. According to the MDG Africa Steering Group report 'Achieving the MDGs in Africa'; the nominal equivalent in 2007 prices and exchange rates is about US\$62 billion.

- ◆ In addition to budgeted development assistance, the Gleneagles Communiqué also noted that a group of countries believed that innovative financing mechanisms could provide additional resources to help cover the financing needed to achieve the MDGs.
- ◆ Subsequent G8 meetings in St Petersburg (2006), Heiligendamm (2007) and Hokkaido (2008) reaffirmed earlier commitments by G8 countries regarding increasing development assistance to Africa.

On Aid Effectiveness

Monterrey and Kananaskis G8 (2002)

- ◆ The Monterrey Consensus (2002) urged multilateral and bilateral financial and development institutions to intensify efforts to harmonize their operational procedures so as to reduce transaction costs; untie aid to the least developed countries, as agreed by OECD/DAC; enhance resource predictability; promote ownership and leadership of development strategies by developing countries; enhance recipient countries' input in technical assistance programmes; and increase the effective use of local technical assistance resources.
- ◆ At Kananaskis in 2002, the G8 pledged to improve aid effectiveness, reduce the burden of aid management, and annually review progress towards the MDGs. They reiterated their 2001 commitment to untie aid to the Least Developed Countries.

World Summit Outcome, 2005

- ◆ Leaders reaffirmed their commitments in the Monterrey Consensus and urged developed countries to make more concrete efforts to fulfil their commitments on aid quantity and aid quality.

Paris Declaration on Aid Effectiveness, 2005

- ◆ Development partners made commitments to: respect partner country leadership over their development policies and programs; base their support on partner countries' national development strategies, institutions, and procedures; harmonize donor actions; focus on results; and provide timely, transparent and comprehensive information on aid flows.

Accra Agenda for Action, 2008

- ◆ Donors and developing countries reaffirmed the Paris Declaration commitments and agreed on concrete and monitorable actions to accelerate progress to meet those commitments by 2010.

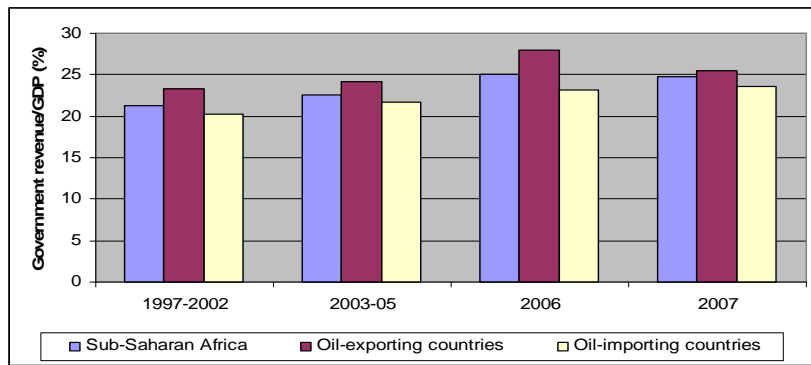
II. What has been done to deliver on these commitments?

Africa:

1. Most governments in the region now have national development strategies, mostly in the form of poverty reduction support strategies (PRSPs) and several have strengthened the ownership and leadership of their development programmes and outcomes. Seventeen countries in sub-Saharan Africa have completed second generation PRSPs, which are substantially stronger and more operational than the first versions. Several countries have completed MDG needs assessments/costings and the results of these efforts are reflected in many PRSPs.

2. Most African countries have intensified efforts to mobilize domestic resources. As shown in Figure 1, the rise in domestic revenue mobilisation is occurring in both oil-exporting and oil-importing countries and as discussed in the Domestic Revenue Mobilisation section of this report. Africa has increased its domestic public revenue by the equivalent of US\$ 367 billion in 2007 or several times the size of foreign aid.

Figure 1: Government Revenue as a Share of GDP (%)



Source: IMF Regional Economic Outlook: Sub-Saharan Africa, various issues

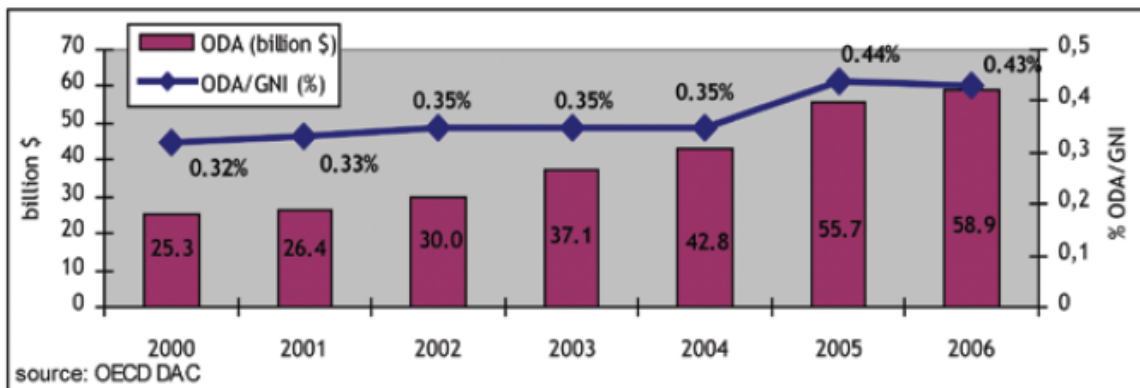
3. Africa has also begun to take leadership of the public financial management process and is increasingly broadening local stakeholder participation in the aid management and development process thereby increasing accountability to domestic constituents. Nevertheless, consultations tend to be ad-hoc -- and therefore mechanisms need to be put in place for broader and more systematic engagement of all stakeholders.

4. The Africa Peer Review Mechanism (APRM) launched by the New Partnership for Africa's Development (NEPAD), the African Union Convention on Corruption, and the Extractive Industries Transparency Initiative (EITI) have had significant success in improving governance. African governments are increasing their revenue base and using more of these resources to meet the costs of economic development. In addition, civil society is playing an important role in holding governments to account in many countries. But there is still much work to be done.

Development Partners:

5. Since the Monterrey Consensus was adopted in 2002, development partners have made efforts to mobilize support for increasing aid flows to Africa. The increasing attention given to Africa in G8 Summits as well as other international events attests to this fact. Among the large groupings of donors, the European Union (EU) and United States have either delivered their ODA commitments for 2006 or set up new frameworks toward that end. As shown in Figure 2, as a group, the EU provided net ODA disbursements equivalent to 0.43% of its combined GDP in 2006 against a target of 0.39% announced at Monterrey.

Figure 2: EU-15 ODA disbursements (US\$ billion and % ODA/GNI)



Source: Adapted from AWEPA (2007).

6. The development commitments made since Monterrey in 2002 were reaffirmed in December 2005 with the adoption of the *EU Strategy for Africa* by the European Council, which proposes a strategic partnership for security and development between the European Union and Africa. The Strategy aims to improve the coordination, coherence and consistency of the EU's policies and instruments supporting Africa with those of its Member States. A Joint EU-Africa Strategy was adopted at the second EU-Africa Summit in Lisbon in December 2007. The Paris Declaration and European Council commitments were reaffirmed again in December 2005, when the *European Consensus on Development* was signed.

7. Together with the pledge to increase its development assistance by 50% between the time of the Monterrey Consensus (2002) and 2006, the US created the *Millennium Challenge Account*, which represents a new compact for development with accountability for both rich and poor countries by which recipient countries are selected on a competitive basis through a set of 16 indicators designed to measure a country's effectiveness at ruling justly, investing in people, and fostering private sector development. There are currently 13 African countries among the 25 countries eligible to apply for compact funds under the Millennium Challenge Account.

8. In the area of aid quality and effectiveness, there are ongoing efforts by DAC donors to reduce the transactions costs of aid delivery and management. In particular, DAC countries have made good progress in reducing or eliminating the *use of tied financial aid* to the least developed countries. Furthermore, in May 2008 DAC donors made a decision to extend the coverage of the 2001 OECD recommendation on aid untying to eight non-LDC Heavily Indebted Poor Countries (HIPC). The fact that technical cooperation and food aid are not covered raises concerns about the true impact of these developments.

9. Recently, the EU adopted an MDG-based contract system for aid delivery that would significantly *increase aid predictability* and make medium- to long- term fiscal planning easier in recipient countries. The proposed new approach is expected to provide more long-term and predictable general budget support whenever deemed possible during the implementation of the 10th European Development Fund to focus on MDG-related results, notably but not exclusively in health and education.

10. As part of monitoring the delivery of scaling up promises and their allocations, the DAC conducted its first full annual Survey on Aid Allocation Policies and Indicative Forward Spending Plans in late 2007 and early 2008. The Survey provides a global perspective of future aid flows, which will help to identify resource gaps and opportunities for scaling up in individual partner countries. To meet the requirement of additional finance for development, the increase in aid will mainly have to be in the form of country programmable aid³, as debt relief is expected to decline over the next few years.

11. To facilitate the *division of labour* as a way to increase aid effectiveness, the EU has recently adopted a voluntary Code of Conduct on Complementarity and Division of Labour in Development Policy. In practical terms, the code of conduct encourages donors to concentrate in a limited number of sectors in a country based on the donor's comparative advantage and enhances donor coordination by supporting a lead donor arrangement in each priority sector.

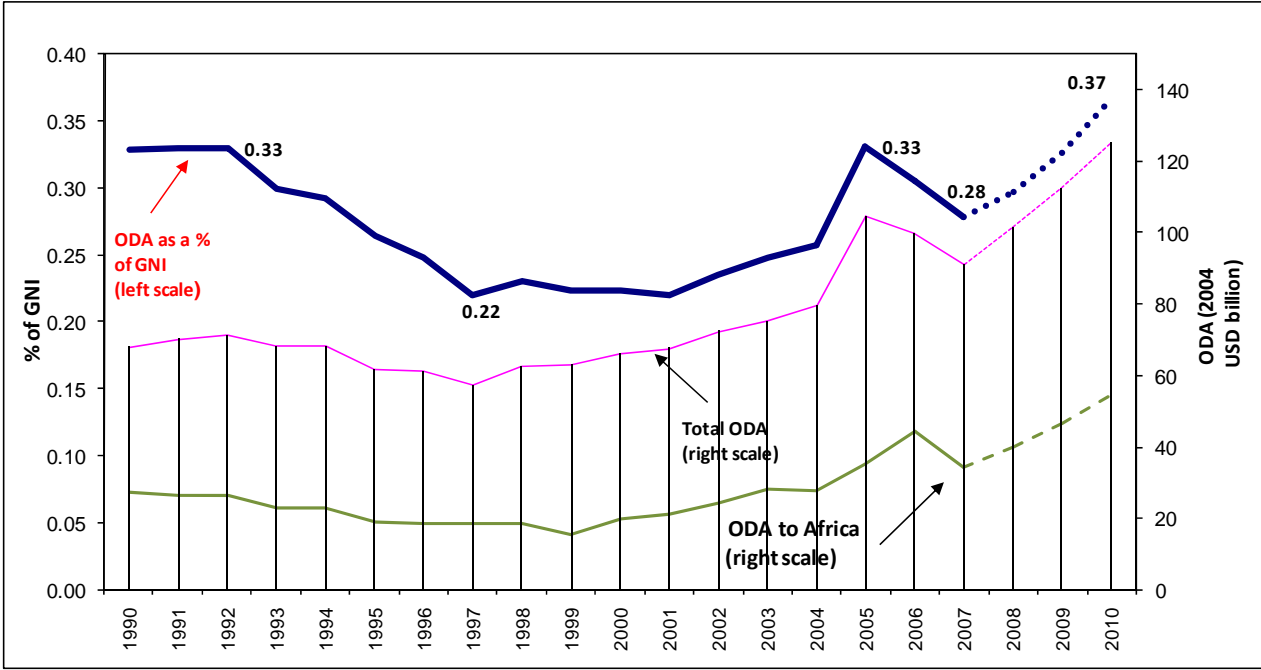
III. What are the results?

12. While most of the current concern about the **delivery of development aid** is about whether

³ Country programmable aid reflects the amount of aid that can be programmed at partner country level and is defined through excluding (by subtracting from total gross ODA) aid that is unpredictable by nature (humanitarian aid and debt relief); entails no cross-border flows (administrative costs, imputed student costs, promotion of development awareness, and research and refugees in donor countries); does not form part of cooperation agreements between governments (food aid and aid from local governments); is not country programmable by the donor (core funding of NGOs); or is not susceptible for programming at country level (contributions to PPPs).

DAC donors will be able to double net ODA to Africa as committed by the G8 at Gleneagles and reaffirmed in Hokkaido last July, the sharp increase in aid volume since the early years of this decade has made it possible for donors to fulfil the commitment they made in Monterrey in 2002. Based on commitments made by the EU, the US and other donors at Monterrey, the OECD-DAC simulations show that net ODA by DAC member countries will increase from US\$57 billion in 2002 to US\$77.7 billion in 2006 at 2002 prices (see detail in Annex Table 1). As shown in Figure 3, ODA has rebounded sharply in the last few years to reach a peak of US\$107.1 billion in 2005. With the sharp decline in debt relief, total ODA in nominal terms has marginally declined in 2006-2007.

Figure 3: DAC Members' Net ODA, 1990-2006



Source: OECD/DAC

13. In 2007, net ODA to Africa amounted to US\$ 38.7 billion, representing 37% of total aid. This corresponds to a fall of 18% in real terms, mostly due to exceptional debt relief especially for Nigeria in 2006. If debt relief grants are excluded, then ODA to Africa rose by 12% in real terms. Net ODA to sub-Saharan Africa was US\$ 34.2 billion. Compared to 2002, ODA without debt relief almost doubled in 2007. Compared to 2006, total ODA (excluding debt relief) shows a healthy increase of almost 25%, although a significant share of the increase is accounted for by the weakening of the US dollar relative to the Euro and other currencies. Given that debt relief and humanitarian aid are likely to fall back to their historical averages in the next few years, other components of ODA -- especially core development programs -- will have to increase at a rate similar to the increase in 2007 for the G8 and other donors to fulfil their 2010 pledges. Table 1 also shows that a larger share of total ODA was directed to Africa -- with a small decline in 2007 -- although the actual share of Africa in total ODA is still noticeably lower than the announced figure of 50%.

Table 1: ODA to Africa (US\$ billion in nominal terms or percent)

	2000	2001	2002	2003	2004	2005	2006	2007
US\$ billion								
South of Sahara	12.7	14.0	18.9	24.5	26.0	32.2 ^c	40.0 ^c	34.2
North of Sahara	2.2	2.4	2.3	2.2	3.0	2.6	2.7	3.2
Africa, unallocated ^{a/}	0.7	0.4	0.5	0.4	0.5	0.7	0.8	1.3
Total Africa	15.6	16.8	21.7	27.1	29.5	35.5	43.5	38.7
Debt relief	1.1	1.5	3.2	6.7	4.4	8.9	15.2	3.7
Total ODA minus debt relief	14.5	15.2	18.5	20.4	25.2	26.6	28.3	35.0
Percentage								
Share of Africa (%)	31.2	32.3	35.8	38.4	37.4	33.0	41.2	36.9
For reference: US\$ billion								
Total ODA (US\$ billion)	53.7	52.4	58.3	69.1	79.4	107.1	104.4	103.5
ODA/GNI⁴ ratio (%)	0.22	0.22	0.23	0.25	0.26	0.33	0.31	0.28

Notes: a/ These figures include amounts that were unspecified in the OECD-DAC database. b/ The outturn in 2003 was heavily determined by the US\$4.5 billion of debt relief to the Democratic Republic of Congo under the HIPC initiative. c/ Of which US\$14.9 billion for Nigeria's debt relief for the two years (US\$5.5 billion in 2005 and US\$9.4 billion in 2006).

Source: "Geographical Distribution of Financial Flows by Aid Recipients, 2001-2005", OECD 2007 and preliminary estimates for 2007 figures by OECD/DAC.

14. Although ODA is rising in nominal terms, OECD figures for 2007 show that the ODA/GNI ratio for the OECD/DAC countries declined from 0.33% in 2005 to 0.28% in 2007. Eleven of the fifteen EU members that committed to reach an ODA/GNI ratio of at least 0.3% in 2006 succeeded in doing so. Other EU countries were also generally on track to meet their commitments.⁵ Furthermore, the 2008 report of the MDG Africa Steering Group indicates that significant aid scaling up will be needed in 2008 and 2009 for several key DAC donors if they are to meet the commitments made in Gleneagles.⁶ In particular, the 2008 report of the MDG Gap Task Force (set up by the UN Secretary General to monitor commitments under goal 8 of the MDGs) suggests that between 2008 and 2010, net ODA to Africa would have to increase by US\$7.3 billion per year (at July 2008 exchange rates) to increase the likelihood of meeting existing commitments on aid volume.

15. In terms of sectoral allocations, there has been a continuous shift over the years in total ODA allocation toward the social sectors and away from productive activities. In the case of sub-Saharan Africa, Figure 4 shows that the share of the social sectors continued to rise, reaching 69 percent of total ODA in 2006, while the share of infrastructure fell from 29% in the first half of the 1990s to 19% in the 2000-2004 period. This situation is likely to change significantly in the near future in light of the strong commitments made by a group of key donors assembled under the aegis of the

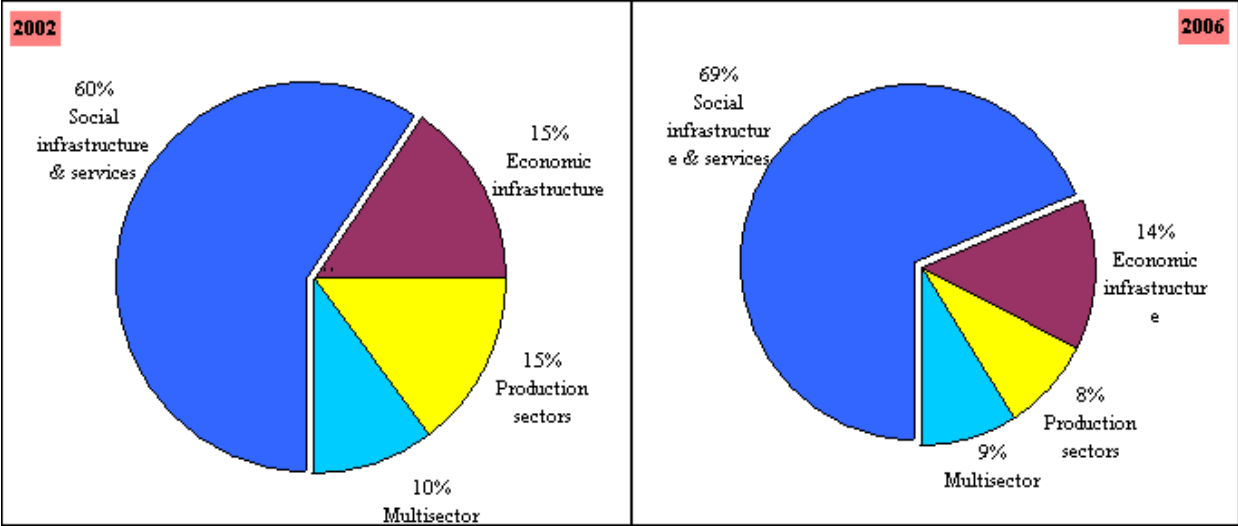
⁴ Gross national income.

⁵ The combined ODA of the 15 DAC-EU members rose by 2.7% to US\$59 billion, equivalent to 0.43% of their combined GNI, surpassing the EU collective ODA/GNI target of 0.39%. Net aid disbursements by the U.S., Japan and Canada fell in 2006 mostly due to lower debt relief and also to exceptionally large humanitarian relief for the Indian Ocean tsunami.

⁶ See Annex Table 2 for more detail on ODA delivery by G8 member countries and the remaining gaps to meet the targets set in 2005.

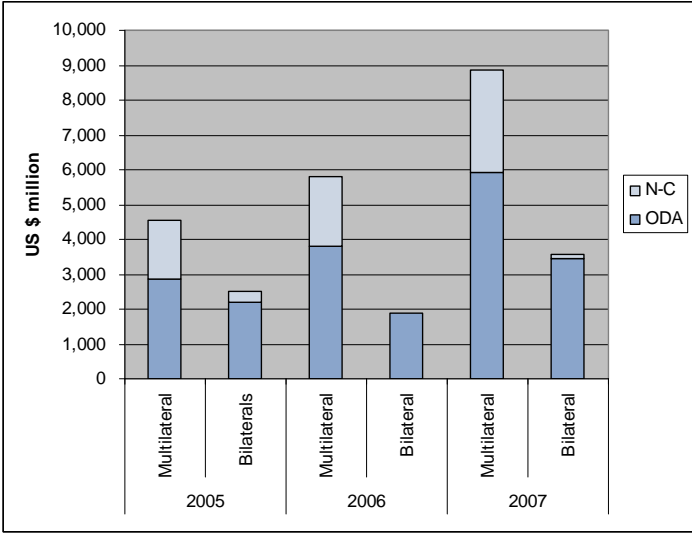
Infrastructure Consortium for Africa (ICA): the ICA indicates that ODA commitments⁷ by bilateral and multilateral donors for the infrastructure sector have doubled in the last two years to reach US\$9.5 billion in 2007 (see Figure 5).

Figure 4: Distribution of ODA Disbursement to Africa 2002 & 2006



Source: OECDStat, CRS online

Figure 5: ICA commitments to infrastructure projects in Africa 2005 – 2007 (US\$ million)



Note: N-C stands for non concessional resources.

Source: ICA Annual Report 2008.

16. New actors such as non-DAC bilateral donors, private entities and vertical funds have also increased the resources for development in Africa and developing countries in general. For example, China and India are playing an important role in financing development in the region, particularly in the energy and infrastructure sectors. Innovative financing approaches such as UNITAID (financed

⁷ Note that the figures in Figure 4 represent commitments that will be disbursed over time.

through an airline ticket solidarity tax), Advanced Market Commitments (AMCs) and the international finance facility for immunization (IFF_{im}) have also generated new finance for development. For example, US\$320 million was spent under the UNITAID programme in 2007 and expected revenue for 2008 is about US\$390 million. Furthermore, in February 2007, several donors made commitments totalling US\$1.5 billion for the development of vaccines for pneumococcal disease under an AMC pilot project.

17. Non-OECD members have long played an important role in Africa's development co-operation, but only limited information is available in this regard. Arab states and funds have traditionally been important actors in Africa. European Union members who are not members of the OECD are increasing their development aid budgets substantially. They have committed to reach ODA targets of 0.17% of GNI by 2010 and 0.33% by 2015. Estonia, Latvia, Lithuania, and Slovenia began to report their net ODA to the DAC in 2006. Other donors that have reported net ODA to the DAC in 2006 are Israel, Thailand and Chinese Taipei. China provides development co-operation on a global scale, and the co-operation programme in Africa has attracted particular attention. The "Beijing Action Plan", agreed in November 2006, includes a broad range of commitments, including a doubling of aid from China to Africa from 2006 to 2009. China has also forgiven debt to HIPC and LDC countries, which amounted to a total of US\$ 1.3 billion by end-2006, while the government announced further debt forgiveness to HIPCs and LDCs. Russia and India are additional major players on the development aid scene in Africa. The DAC, jointly with other partners, is working to provide a more complete picture of global aid flows.

18. The nature of private "philanthropy" is changing, and the presence of new actors in the landscape is introducing questions about what constitutes "philanthropy" and how to increase its impact and sustainability. Trends suggest that the field is very dynamic and growing, composed of a vast array of different organizations and approaches. Most important among these new players are large foundations⁸ (e.g. Gates Foundation) that are increasing their power and influence in shaping approaches to global public goods and financing for development. Insulated from the factors determining the aid policies and priorities of major donors and partner countries, mega-foundations can contribute levels of funding greater than some donor countries. Operationally, they are increasingly engaged with the larger development community and at times follow harmonized approaches. Other private sector participants are venture philanthropists who take a more problem-solving approach to development problems while also developing viable organizations or businesses. Large international intermediaries (NGOs) are shifting their approach to become more strategic conduits (brokers) of funding to developing countries.

19. On **aid effectiveness**, the Paris Declaration on Aid Effectiveness, endorsed in March 2005, is now recognised as a landmark international agreement aimed at improving the quality of aid and its impact on development. It lays out a road-map of practical commitments, organised around five key principles of effective aid, namely: a) ownership by countries; b) alignment with countries' strategies, systems and procedures; c) harmonisation of donors' actions; d) managing for results; and e) mutual accountability. Each has a set of indicators of achievement. The Declaration also has built-in provisions for the regular monitoring and independent evaluation of how the commitments are being carried out. Compared with previous joint statements on aid harmonisation and alignment, it provides a practical, action-oriented roadmap with specific targets to be met by 2010. Box 1 provides information on recent developments regarding the international aid effectiveness agenda and progress in implementing Paris Declaration commitments. The number of countries and international organizations participating in the High Level Forum and putting their signature to the joint commitments contained in the Declaration was unprecedented and reflected a progressive widening of the range of voices in the aid effectiveness debate.

⁸ The United States is home to the majority of foundations, but Europe and Japan also have a number of foundations with increasing interest.

Box 1: Progress in Implementing Paris Declaration Commitments

Background

The multi-donor aid system has been the focus of an expanding international policy discussion in recent years. Agreements reached in the course of three international meetings have progressively deepened the scope and raised the political stakes of the aid effectiveness agenda.

- The **2003 Rome Declaration** set out agreed commitments by the donor community to harmonise and streamline their aid activities with one another and created an international body – the DAC Working Party on Aid Effectiveness – which is tasked with carrying the initiative forward;
- In 2005, 130 countries and agencies signed off on the **Paris Declaration (PD)** thereby agreeing to fundamentally reform the delivery and management of development assistance with clear performance measures to be achieved by 2010.
- In early September 2008 – midway through the PD timeframe – the third High Level Meeting (HLF) in Accra culminated in an agreement on the **Accra Agenda for Action (AAA)**. The AAA is a wide ranging programme of operational reforms that will change the way the aid business functions.

What distinguishes the Paris Declaration?

In an effort to “lock in” PD commitments, participating countries endorsed twelve indicators for monitoring progress regarding country ownership, alignment, harmonisation, managing for results and mutual accountability. The indicators apply to donors and partner countries alike, but the largest share relate to aid processes – including improving predictability, reducing missions, aligning with country priorities, and untying aid. Each indicator is underpinned by explicit, quantifiable targets to be reached by 2010.

Findings from 2008 survey: “Comparing overall results with figures for Africa”

The global results show that progress has been made particularly in the area of untied aid, technical co-operation, and the use of PIUs. However a considerable acceleration of change will be needed to achieve the targets set for 2010. Significant improvements are needed in the use of country systems and the co-ordination of donor missions.

The results for Africa show that there are a couple of areas where the picture is the same as the picture globally – aid untying and coordination of donor missions, with significant progress on aid untying, but much less on the coordination of donor missions where performance remains very poor. There are a couple of other areas where the picture in Africa is not as good as the picture globally – increasing the use of country systems, and reducing the number of parallel project implementation units, and indeed the picture on the former has actually got worse. There is a further area – aid predictability, where there has been improvement globally, but a decline in Africa – though predictability is still nonetheless better in Africa than globally.

Below shows the results of the survey across a handful of indicators for developing countries overall and specifically for Africa:

Significant improvements in the design of technical co-operation, both globally and in Africa – For indicator 4, the 2008 Survey shows that, globally, this target has already been exceeded and has progressed from 48% in 2005 to 60% in 2007. Figures for Africa show that there has also been an improvement from 43% in 2005 to 60% in 2007.

Global improvements in use of country systems, but a declining trend in Africa - For indicator 5, global progress has increased by 4 to 5 percentage points from 2005-2008, but this is still very modest compared with the targeted levels that require as much as 80% of aid to use country systems. The figures for Africa show that the use of PFM systems has declined 2% from 2005 to 2008 and use of country procurement systems has also declined for the same period at 1%.

The number of Project Implementation Units (PIUs) is declining at a faster rate globally than in Africa – For indicator 6, the overall total stock of parallel PIUs recorded in the 33 countries declined significantly: from 1817 in 2005 to 1601 in 2007. The figures for Africa, however, show that there has been a smaller reduction from 960 in 2005 to 902 in 2007.

Aid predictability has improved both globally and in Africa – For indicator 7, there has been an improvement from 41% in 2005 to 46% in 2007, however this is still far from the target of 71% which is to be reached by 2010. The average figures for Africa show that predictability has also improved slightly from 44% in 2005 to 48% in 2007.

Substantial improvements in the untying of aid globally and in Africa – For indicator 8, overall figures show an increase from 75% in 2005 to 88% in 2007. The share of untied aid in Africa has increased from 79% in 2005 to 91% in 2007.

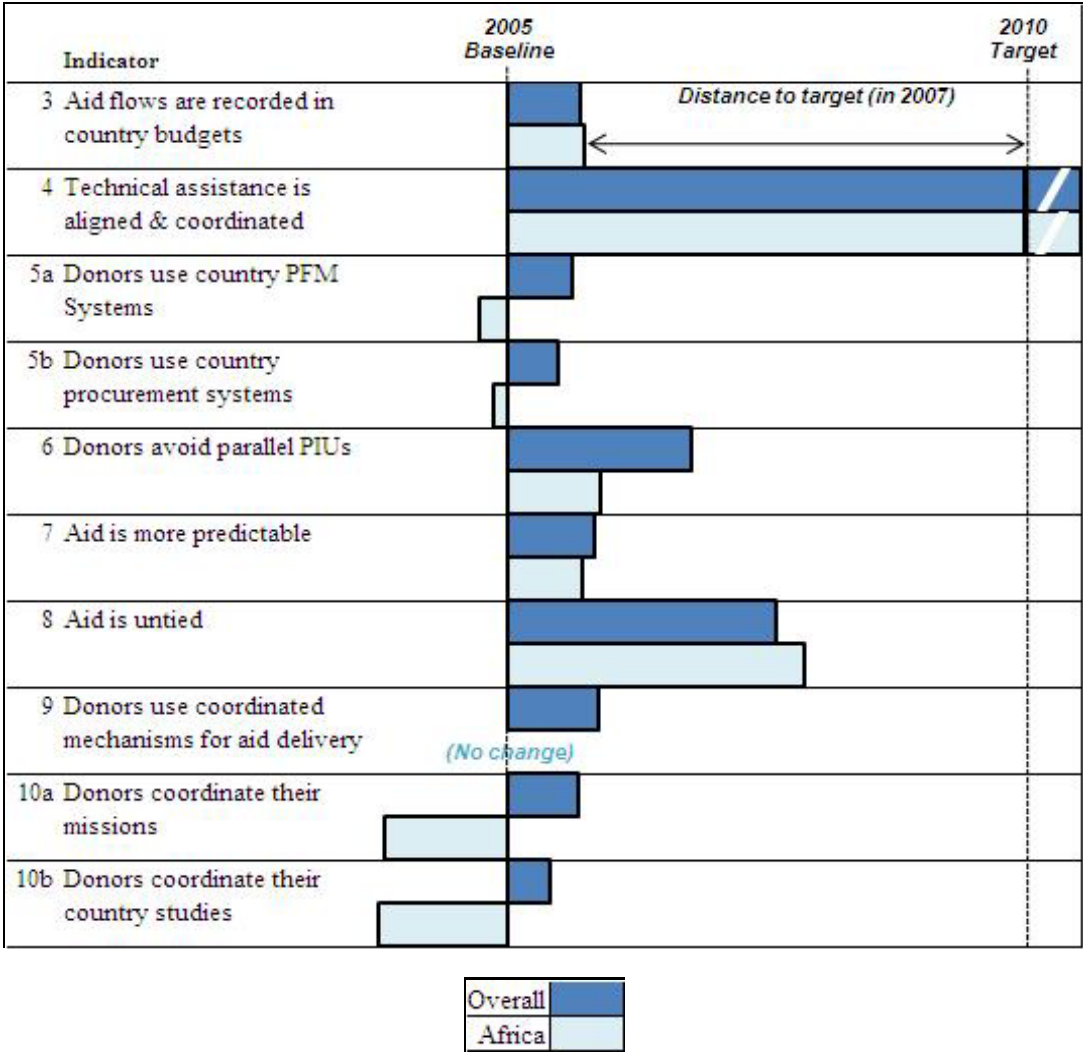
Very little progress in the co-ordination of donor missions, both globally and in Africa – For indicator 10a, global figures between 2005 and 2008 have increased from 43% to 46%. Figures for Africa show a reduction in the number of co-ordinated donor missions. In absolute terms, in 2007, out of a total of 5118 donor missions in Africa, only 726 were co-ordinated compared to 987 out of 5241 for 2005.

Note: The baseline survey was carried out in 33 developing countries in 2005, followed by a monitoring survey covering 54 countries in 2008.

Source: OECD-DAC, 2008 Survey of Monitoring the Paris Declaration.

20. *Country ownership.* In Accra, partner countries agreed to broaden country-level policy dialogue on development -- with stronger engagement with parliamentarians, civil society organisations (CSOs) and citizens in shaping development policies. Donors will support efforts to increase the capacity of all development actors -- parliaments, central and local governments, CSOs, research institutes, media and the private sector -- to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives. Together, developing countries and donors will jointly manage a demand-driven process of strengthening national capacity with an emphasis on: i) using local and regional resources through South-South co-operation and ii) a concerted effort by donors to use country systems, which will be the norm. Not using country systems will need to be clearly explained, justified and reviewed at regular intervals. Donors reaffirmed their Paris Declaration commitment to provide 66% of aid as programme-based approaches and to channel 50% or more of government-to-government assistance through country fiduciary systems.

Figure 6: Progress over the period 2005-2007 in meeting the Paris Declaration targets: comparing Africa to the rest of the world



Source: OECD-DAC, 2008 Survey of Monitoring the Paris Declaration

21. *Building more effective and inclusive partnerships.* In recent years, more development actors — middle-income countries, global funds, the private sector, civil society organizations, private foundations — have been involved in providing support to developing countries. While they bring additional (and sometimes substantial) financial contributions and valuable experience, the situation

creates management and co-ordination challenges. In Accra, all development actors have committed to work together in more inclusive partnerships. Enhancing the effectiveness of aid will require, especially at country and sector levels, reducing the fragmentation of aid by improving the complementarity of donors' efforts and the division of labour among donors, including through improved allocation of resources within sectors, within countries, and across countries. To this end: a) developing countries will lead in determining the optimal roles of donors; b) donors and developing countries will work together with the OECD/DAC Working Party on Aid Effectiveness to complete good practice principles on country-led division of labour.

22. *Achieving development results and being accountable and transparent about them* is at the heart of aid effectiveness. In Accra, countries and donors agreed to improve information systems and to develop cost-effective instruments to assess the impact of development policies and adjust them as necessary. Donors also agreed to align their monitoring with country information systems. Developing countries' national statistical capacity and information systems play a critical role. Developing countries will facilitate parliamentary oversight through public disclosure of revenues, budgets, expenditures, procurement and audits. Donors will publicly disclose regular, detailed and timely information on aid volumes, allocation and -- when available -- the results obtained through development expenditure.

23. *Mutual assessment reviews must be in place by 2010 in all countries that have endorsed the Paris Declaration* and together developing countries and donors will jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries. To strengthen country ownership and improve the predictability of aid flows, donors will work with developing countries to agree on a limited set of mutually agreed conditions based on national development strategies, and to regularly make public all conditions linked to disbursements. Finally, to increase the medium-term predictability of aid, donors have agreed -- effective immediately -- to provide full and timely information on annual commitments and actual disbursements and regular and timely information on their rolling three- to five-year forward expenditure and/or implementation plans, with at least indicative resource allocations

IV. What are the key priorities?

Actions by African countries:

- ◆ Exercise effective leadership in coordinating and harmonizing donor activities at the country level.
- ◆ Make efforts to be more accountable to domestic constituents to ensure that there is local accountability as well as genuine national ownership of aid policies and programs.
- ◆ Strengthen public financial management and procurement systems.
- ◆ Step up efforts to reduce long-term aid dependency.

Actions by development partners:

- ◆ Take concrete actions to meet commitments made on doubling aid to Africa by 2010, particularly in the difficult context of the fallout from the financial crisis and the impending recession in OECD countries.
- ◆ Make considerable efforts to reduce aid fragmentation and untie technical cooperation.
- ◆ Take concrete actions to reduce aid volatility by increasing transparency and providing more information on future aid flows.
- ◆ Give recipient countries more space to take effective leadership of their development strategies through reduction in policy-based conditionality and more focus on harmonized results-based conditionality.
- ◆ Support efforts to increase the capacity of all local stakeholders to take an active role in country-level dialogue on development.

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Annex Table 1: Simulation of ODA for 2006 (based on commitments made at Monterrey)

Country	Net ODA in 2002 (US \$m)	ODA/GNI in 2002	Commitment/ Announcement/ Assumption	Year to be attained	Net ODA in 2006 (in millions of 2002 US \$)		Real change in ODA in 2006 compared with 2002 (at 2002 prices and exchange rates) ¹		
					ODA/GNI in 2006	(US \$m)	Percent		
Austria	475	0.23%		0.33%	2006	722	0.33%	248	52%
Belgium ²	1,061	0.42%		0.7%	2010	1,470	0.54%	418	39%
Denmark	1,632	0.96%		>0.7%	n.a.	1,568	0.85%	-63	-4%
Finland	486	0.35%		0.44%	2007	600	0.42%	134	29%
France ²	5,182	0.38%	0.5% (0.7% by 2012)		2007	7,229	0.47%	2,046	39%
Germany	5,359	0.27%		0.33%	2006	7,066	0.33%	1,708	32%
Greece	295	0.22%		0.33%	2006	476	0.33%	181	61%
Ireland ²	397	0.41%		0.7%	2007	665	0.63%	268	68%
Italy	2,313	0.20%		0.33%	2006	4,195	0.33%	1,882	81%
Luxembourg	143	0.78%		1%	2005	199	1.00%	55	38%
Netherlands	3,377	0.82%		0.8%	Already	3,566	0.80%	189	6%
Portugal	282	0.24%		0.33%	2006	420	0.33%	137	49%
Spain	1,808	0.25%		0.33%	2006	2,328	0.33%	720	45%
Sweden	1,754	0.74%		1%	2006	2,582	1.00%	828	47%
United Kingdom	4,749	0.30%		0.4%	2005-06	6,888	0.40%	2,139	45%
EU Members, Total	29,093	0.34%		0.39%	2006	39,984	0.43%	10,891	37%
Australia ³	962	0.25%		0.26%	in 2003-04	1,089	0.26%	126	13%
Canada	2,013	0.28%	8% annual increase		to 2010	2,739	0.34%	726	36%
Japan	9,220	0.23%	1998-2002 av. Level (\$10.5 bn)		in 2006	10,500	0.26%	1,280	14%
New Zealand	124	0.23%	Future level is under review			134	0.23%	10	8%
Norway	1,746	0.91%		1%	2005	2,081	1.00%	334	19%
Switzerland ²	933	0.32%		0.4%	2010	1,128	0.36%	195	21%
United States ⁴	12,900	0.12%	Increase by \$7 bn from 2001		2006	17,026	0.15%	4,126	32%
DAC Members, Total	56,991	0.23%				74,680	0.28%	17,689	31%

¹ Assumes average real growth in GNI of 2% p.a. [3% for Canada and zero for Japan] from 2002 to 2006.

² ODA/GNI ratio for 2006 interpolated between 2002 and year target scheduled to be attained.

³ Estimated ODA/GNI 0.26% in 2003/04. As aid volume determined in annual budgets, assumes same ratio in forward years.

⁴ Assumes, for 2006, additional \$5 bn from the Millennium Challenge Account and \$2 bn from the Emergency Plan for AIDS Relief, and 2% p.a. inflation in the USA to deflate from 2006 to 2002 prices.

Source : OECD/DAC

Annex Table 2: Performance of DAC Member Countries and Remaining Gaps to Meet the Gleneagles Targets

PROGRESS ON ODA TO SUB-SAHARAN AFRICA			
	2007 ODA TO SUB-SAHARAN AFRICA (\$ BILLIONS)	CHANGE 2006-2007	
		VOLUME	%
CANADA	0.904	-88	-9%
FRANCE	2.877	-66	-2%
GERMANY	2.720	311	13%
ITALY	1.097	417	61%
JAPAN	2.157	-197	-8%
UK	3.637	48	1%
US	5.414	413	8%
G8	18.805	837	5%
OTHER DAC COUNTRIES	8.677	690	9%
DAC TOTAL	27.482	1527	6%

	2004 ODA TO SUB-SAHARAN AFRICA^a (\$ BILLIONS)	TARGET ODA TO SUB-SAHARAN AFRICA IN 2010 (\$ BILLIONS)	TOTAL CHANGE IN ODA TO SUB-SAHARAN AFRICA 2004-07^a	% OF INCREASES ACCOMPLISHED BY END OF 2007 TOWARDS 2010 COMMITMENT
CANADA	0.832	1.5	72	10.8%
FRANCE	2.542	7.529	334	6.7%
GERMANY	2.234	6.204	485	12.2%
ITALY	1.139	4.793	-43	-1%
JAPAN	1.59	2.235	567	100%*
UK	2.6	6.508	1037	26%
US	4.833	8.8	581	15%
G8	15.770	37.568	3035	14%
OTHER DAC COUNTRIES	7.777	12.076	900	
DAC TOTAL	23.548	49.644	3934	

^a Though Japan is shown here as having achieved its commitment, it should be noted that this commitment was only to double bilateral aid from 2003 levels. In selecting 2003 for its Africa commitment, Japan chose the year with the lowest bilateral spending in the previous decade – ¥60 billion (\$661 million). This was not an ambitious commitment and does not contribute significantly to the overall increases to which the G8 committed.

Note: The figures shown in this table are expressed in 2004 constant prices and exchange rates and are therefore different from the numbers shown in Table 1 in the text which are expressed in current 2007 prices and exchange rates.

Source : DATA Report 2008