

**POLICY CHANGES IN DAC MEMBERS' DEVELOPMENT CO-OPERATION:  
SUMMARY OF COUNTRY RESPONSES (2010)**

How have the 24 members of the OECD Development Assistance Committee (DAC) adjusted their policies to meet their aid commitments? How are they responding to the call to accelerate progress towards the Millennium Development Goals (MDGs)?

The OECD's Development Co-operation Directorate requested DAC members in August 2010 to provide information on the policy changes they have undertaken to meet their aid commitments and, in particular, the MDGs. Member States were asked (1) what measures donors had taken to accelerate progress towards the Millennium Development Goals (MDGs), (2) what drove changes in their development policy, and (3) how they were trying to improve the medium-term predictability of their aid. The following provides a summary of their responses.

**1. What measures have donors taken to accelerate progress towards the MDGs?**

The individual contributions from DAC members in this chapter illustrate that many donors have redirected their policies towards specific sectors with the MDGs in mind. Almost half of the DAC members felt compelled to reinforce their focus on food security and agriculture to accelerate progress towards MDG 1, "reducing hunger and poverty". They also re-shaped their programmes to take account of the challenge climate change and environmental degradation pose to development. About a third focused increasingly on health issues such as maternal mortality, HIV/AIDS and malaria. Preventing conflict and working better with fragile states has also become a priority for some donors.

In an effort to meet the MDGs, DAC members also strive to contribute more aid; the 0.7% target has remained an ambition for many DAC members. But the need to use existing resources more effectively has become a more pressing concern for donors. They gear their co-operation towards results, hold their partners accountable and increasingly seek to mobilise the partner country's own resources for development.

DAC members have also changed the partners with whom they work, and recognise the changing donor landscape. Many have intensified their collaboration with the private sector in their partner countries, work more through south-south co-operation, and in partnership with new donors.

## 2. What drives change in development policy?

Recent policy changes indicate that donors are driven by three major forces: (1) a focus on global goods, (2) new ways of working driven by effectiveness and results, and (3) a renewed interest in multilateral partnerships.

In developing new policy for development co-operation, donors are first and foremost responding to global issues such as the economic downturn, climate change, the food crisis, and the threat of insecurity and terrorism. The majority of DAC donors have changed their policies over the past years to link their aid more closely to broader foreign policy objectives.

New ways of working have led to significant reforms in the aid management system. Most donors strive for more effective aid. Several donors put more emphasis on value for money (e.g. Australia, New Zealand, UK), on producing an impact and results with their co-operation, and on accountable ways to deliver aid. Several – including Canada, Germany, and New Zealand – have initiated institutional reforms aimed at making internal procedures more efficient.

Finally, a driver of policy is a renewed interest in multilateral partnerships. The USA's new development agenda emphasises multilateralism, as do those of the Netherlands and Switzerland; Portugal notes its new policy on multilateral aid. At the same time, a few donors note that their development policies are driven by the need to be coherent with diplomatic interests or to facilitate their own commercial activities in developing countries.

## 3. How are donors increasing aid predictability?

Donors and partners have set themselves ambitious targets for achieving the MDGs. Meeting those targets requires medium-term planning – both in donors' and partners' budgets. Finance ministries in partner countries rely on this information to plan and make the investments required to achieve the MDGs, and to make their medium term expenditure plans. The lack of predictability jeopardises the partner country's ability to plan and make efficient and effective use of resources. The difficulty is to reconcile the need for predictability of aid flows with the normal practice to approve aid appropriations year by year.

Medium-term predictability requires donors to plan budgetary resources for at least three years. In about half of the DAC member countries, ODA budget proposals for parliamentary approval include a forward-looking, three-to four-year indicative spending plan or expenditure scenario, but not actual appropriations. Donors are adjusting their practices to increase medium term predictability of aid: For instance, the Finnish parliament sets budgetary spending limits for development co-operation for four years ahead; Switzerland approves framework credits for 4-5 years, and the UK and New Zealand for three years, while Denmark is planning to allow for multi-year aid country appropriations in 2011. However, in all of these cases, actual aid allocations are determined in the annual budget process, and therefore subject to change.

Second, predictability requires that donors communicate specific multi-year country allocations to their partners well ahead of time in order for them to plan their medium-term budgets. Donors disclose this information through the OECD-DAC Survey on donors' forward spending plans, but also need to communicate this information to partner governments bilaterally. Several DAC donors are making progress on this front. Some update their indicative country allocations every 3-4 years, following a schedule of bilateral consultations, and can therefore provide forward information for 1-4 years ahead, depending on the date of the latest consultations. Others (e.g. Japan and New Zealand) update their multi-year financial plans every year and can therefore always provide information 3-4 years ahead.

## AUSTRALIA

### ***1. Measures to accelerate progress towards the MDGs by 2015***

Australia is committed to increase its ODA to 0.5% of GNI by 2015-16 and to keep its aid programme focused on the MDGs. It prioritises support for health and education in recognition of the need for progress in these sectors and their role as critical drivers of sustained economic growth and poverty reduction. Australia is increasing assistance to regions where MDG progress is lagging and targeting vulnerable groups, including people with disability. It is leading efforts to eliminate violence against women and improve girls' education and increasing engagement with civil society organizations to support MDG priorities.

### ***2. Changes in development policy, and what drives them***

Australia's approach to development co-operation is driven by its commitment to improve effectiveness and value for money. Annual reviews of Australia's development effectiveness, tabled in Parliament since 2008, and the 2010 review of the PNG-Australia Development Cooperation Treaty, are helping to inform policy and approaches. This includes a focus on the role of technical assistance, particularly the use of advisers in the aid program; the use of aid modalities in different development contexts; sector priorities; and alignment with partner government systems.

### ***3. Measures to increase predictability of aid***

Australia is increasing the predictability of its aid flows. The Pacific Partnerships for Development which commenced in March 2008 commit Australia to long term, predictable and increased commitments of aid to Papua New Guinea (PNG) and seven Pacific Island Countries. Aid flows are affirmed annually, taking into account performance against commitments, targets and indicators. Similarly, Australia will provide multi-year support to Pakistan through the Australia-Pakistan Development Partnership which is currently being negotiated. Multi-year funding is also provided to several UN agencies and NGOs under Strategic Partnership Agreements that identify shared objectives and indicators to measure success.

## **AUSTRIA**

### ***1. Measures to accelerate progress towards the MDGs by 2015***

Austrian Development Co-operation does not have a separate MDG Strategy, but focuses on food security in rural areas (MDG 1) and on providing clean water and sanitation. It further promotes renewable energy throughout regional programmes (MDG 7).

### ***2. Changes in development policy, and what drives them***

In 2009-2010 the Austrian Development Bank, then a new player in Austria's Development Cooperation, financed advisory services of the International Finance Corporation in the wake of the global food crisis. In light of declining private financial flows to developing countries, the Bank further provided EUR 72 million in non-ODA lending for private sector projects.

To make the delivery of its aid more effective, Austrian Development Co-operation continues to concentrate on fewer partner countries and a maximum of three sectors per country. Programmes in Montenegro, Macedonia, Serbia, Albania, Bosnia and Herzegovina, Senegal and Cape Verde will be phased out over the next three years. Traditional development approaches give way to alternative instruments that focus on economic growth and socially and environmentally sustainable development. Such instruments include EU twinning, economic partnerships, soft loans and fellowship programmes.

### ***3. Measures to increase the predictability of aid***

Austria's Aid Effectiveness Action Plan calls for multi-annual cooperation agreements with priority countries, and Country Strategy Papers include 3-4 year spending plans up to 2013. Field offices are tasked to provide transparent, adequate and timely information to partners in order to allow them to take account of Austria's contribution to implementing their national development strategies.

## **BELGIUM**

### ***1. Measures to accelerate progress towards the MDGs by 2015***

Belgium's commitment to attaining development results in partner countries is reflected in its efforts to increase the effectiveness of its aid. It has established a strategic policy framework for this purpose and is implementing it gradually. It has taken steps to increase the amounts spent per partner country and to enhance its sectoral concentration with particular attention to health, education, agriculture, climate and gender. Despite the economic and financial crisis, it has allocated significant new budgetary resources to the federal development cooperation budget during the past three years. This should allow Belgium to reach the ratio of 0.7% of ODA to GNI in 2010.

### ***2. Changes in development policy, and what drives them***

Belgium has chosen to put new emphasis on productive sectors (mainly agriculture) to respond to emerging crises. It has done so recognising that agriculture provides the livelihoods to the vast majority of the poor in its partner countries, and offers an important opportunity to work towards increased gender equality. Further, demands from partner countries and the changing global dynamics led Belgium to recognise the need to develop distinct differentiated approaches for middle-income countries, least developed countries, and fragile states.

### ***3. Measures to increase the predictability of aid***

To improve the predictability of its aid to partner countries, Belgium has extended the duration of its Indicative Cooperation Programmes (ICPs) from three to four years. In addition to this, Belgium has since 2008 pursued a strategy to increase overall predictability by moving towards a long-term engagement of ICPs to a minimum of 12 years. This has been applied so far to 13 out of 18 Indicative Cooperation Programmes. Within the framework of the ICPs, Belgium communicates to its partner countries the indicative planned disbursement figures for two to four years ahead, within committed projects and programmes.

## **CANADA**

### ***1. Measures to accelerate progress towards the MDGs by 2015***

Canada has identified three new thematic priorities for its development co-operation, which include stimulating sustainable economic growth, increasing food security and securing the future of children and youth. In addition to these priority themes, Canada continues to integrate three crosscutting themes in all of its programmes and policies: increasing environmental sustainability; promoting equality between women and men; and helping to strengthen governance institutions and practices. Canada has also committed \$1.1 billion under the Muskoka Initiative, which focuses on accelerating progress towards the MDGs relating to maternal, newborn and child health. Canada is also contributing to MDG8, developing a global partnership for development, by supporting bilateral and multilateral debt relief initiatives, innovative finance and committing to double international assistance by 2010-2011 to reach \$5 billion.

### ***2. Changes in development policy, and what drives them***

In 2009-10, Canada announced important changes to its development cooperation policy, which were largely driven by a mandate to enhance focus, efficiency and accountability. As a result, CIDA will focus its assistance in 20 countries of focus and three priority themes. It is also shifting more resources and authority to the field, aiming to address local needs more effectively and to develop stronger relationships with local stakeholders. Canada has also committed to untie all Canadian aid by 2012-13, in order to increase effectiveness and deliver on its international commitments to untie aid. In addition, Canada announced a new approach to increase the engagement of Canadians and Canadian organisations. The "Partnerships with Canadians" Branch has designed two new programmes and has instituted a call-for-proposals approach intended to streamline the application process and reduce the administrative burden for project applications, leaving more money for development work on the ground.

### ***3. Measures to increase the predictability of aid***

CIDA's Aid Effectiveness Action Plan (2009-2012) which includes commitments to improve transparency and predictability of aid. The Plan commits CIDA to publishing three-year funding estimates by sector on an annual basis for each bilateral country programme. In addition, CIDA will provide public authorities in partner countries with timely and accurate information on annual commitments and actual disbursements in accordance with timelines.

## DENMARK

### ***1. Measures to accelerate progress towards the MDGs by 2015***

The Danish Government adopted a new strategy for development cooperation in 2010 which is guided by the MDGs. The strategy focuses on five political priorities essential for fighting poverty and reaching the MDGs: 1) Freedom, democracy, and human rights are crucial for social and economic progress as well as long-term stability; 2) Economic growth and employment are decisive for eradicating extreme poverty and generating public resources; 3) Gender equality and the empowerment of women is a goal in itself and a vital means to generate growth and fighting poverty; 4) Fragile states are furthest away from achieving the MDGs because persistent conflicts and instability constitute a hindrance to reducing poverty; and 5) Climate change, environmental problems and natural disasters threaten to destroy emerging development.

The majority of Danish aid will continue to go to Africa which is lagging behind in achieving the MDGs.

### ***2. Changes in development policy, and what drives them***

Denmark's new strategy development cooperation is the Government's response to the most critical current challenges to development. It entails a concentration of efforts to key priority areas, a concentration of Denmark's development cooperation to fewer countries and fewer sectors, and increased focus on documentation and communication of results. Denmark is phasing out from a number of partner countries and plans to further concentrate its assistance during the coming years to ensure maximum impact of its development assistance.

### ***3. Measures to increase the predictability of aid***

Co-operation is based on long-term partnerships with partner country governments. Planning of aid flows is based on government-to-government agreements with 5 year planning horizons. From 2011, support to partner countries will be detailed in the Danish finance act including planned aid commitments for the following 4 years, which will allow for increased predictability on committed projects and programmes.

## EUROPEAN UNION

### ***1. Measures to accelerate progress towards the MDGs by 2015***

The EU adopted a common position ahead of the UN High-Level Meeting on the MDGs by reaffirming its commitment to meet the 0.7% ODA/GNI target by 2015. EU members agreed to take realistic and verifiable action to meet their individual ODA targets. The EU also promotes the mobilisation of developing countries' own domestic resources and the use of additional, innovative and predictable sources of finance at the global level. The EU will focus on those MDGs most off-track and on the regions that are most lagging behind, especially least developed, fragile and Sub-Saharan countries.

### ***2. Changes in development policy and what drives them***

The economic and financial crisis led the EU to provide quick access to additional financing to the most vulnerable and affected ACP countries. To ensure greater coherence between EU policies and development goals, the EU has adopted a more focused approach with targets and indicators. It links all relevant EU policies to five global challenges: trade and finance, climate change, food security, migration, and security. Improving overall coherence of EU's external policies, including development policy, is also an intention of the Lisbon Treaty and the European External Action Service. Further, the 2009 Council Conclusions on an "Operational Framework on Aid Effectiveness" take a practical approach to increasing aid effectiveness.

### ***3. Measures to increase the predictability of aid***

The current financial aid instruments of the EU allow for predictability within their specific time horizon. National Indicative Programmes, the EU's instruments for bilateral co-operation, operationalise its country strategies by indicating focal areas of cooperation and indicative amounts. They have a horizon of three to five years, and are published on the internet once approved. Planning for African, Caribbean and Pacific countries covered by the European Development Fund is based on indicative financial plans for a five-year period (2008-2013); other countries eligible to receive aid are covered by the other financing instruments of the EU, such as the Development Cooperation Instrument and European Neighbourhood Policy Instrument, which operate on the basis of three-year periods (2007-2010, 2011-2013). Within these planning periods, regular and timely information on expenditures is secured and reviewed annually.

## **FINLAND**

### ***1. Measures to accelerate progress towards the MDGs by 2015***

To enhance its contribution to the MDG targets, Finland has increasingly emphasised the role of economic growth and private sector development. It underlines partner countries' ownership of, and responsibility for their development, and supports national development strategies, including MDG targets. Despite the economic downturn, Finland has substantially increased its ODA funding and, thus, its capacity to contribute to MDG targets.

### ***2. Changes in development policy, and what drives them***

There have been no major changes in Finnish development policy since the Development Policy Programme 2007. Finland emphasises the link between development, climate and the environment, and has issued a policy paper on sustainable agriculture and food security. Finland has also adopted new guidelines for General Budget Support and Sector Budget Support in Finland's Programme-based Development Cooperation, whereby emphasis will be on sector budget support, limiting general budget support to 25% of the bilateral country assistance portfolio. Finland favours programme based approaches in all cooperation, across all aid modalities. In order to support the preparation of the forthcoming new development policy programme and to evaluate the results of MFA's cooperation in general, Finland has carried out a synthesis of evaluations "The Sustainability Dimension in Addressing Poverty Reduction". To better engage all potential stakeholders and resources for global development financing, Finland has prepared a study on broad development finance at domestic level.

### ***3. Measures to increase the predictability of aid***

Finland's current budgeting framework allows for predictability in aid planning. Budgetary spending limits for development cooperation are set for four years ahead, and the Ministry can make multi-annual pledges. Finland communicates its spending plans to partners through bilateral consultations and joint coordination processes. Partners receive an estimation of the overall budget for a four-year period. The exact allocations for general and sector budget support are communicated 2 to 3 years in advance; for technical cooperation up to 5 years ahead. Finland favours multi-annual pledges to UN organisations, complementing the multi-annual pledges to multilateral development banks. Finland has prepared a pilot case study examining its aid management practices in light of predictability for the Working Party on Aid -Effectiveness. This pilot exercise has been utilised as an example for other donors to join the exercise. Finland will integrate the key findings and recommendations of the study in the Ministry's staff guidelines.

## FRANCE

### **1. Nouvelles actions en vue de l'atteinte des OMD d'ici à 2015**

Le Président a annoncé le soutien de la France à l'initiative de Muskoka sur la santé infantile et maternelle (100 M€ par an sur cinq ans); une contribution importante est déjà apportée au Fonds Mondial (900M€ sur 2008-2010) et il est prévu que 1,08 Md€ soit apporté sur les 3 prochaines années (2011-2013).

Cette initiative s'ajoute à celle lancée en 2008 pour une croissance durable et équitable en Afrique (mobilisation de 2,5 Mds d'euros sur 5 ans pour le développement des entreprises africaines, portant sur 300 000 emplois). La France renforce sa priorité sur l'eau et l'assainissement, soutient un partenariat mondial pour l'agriculture, la sécurité alimentaire et la nutrition, et poursuit son soutien à l'éducation et la santé.

La France promeut une vision élargie du financement du développement, soutient différents mécanismes innovants (IFFIm, UNITAID) et travaille à de nouvelles recommandations sur la taxation des transactions financières.

### **2. Principaux changements stratégiques intervenus**

Dans le cadre des décisions du G20, la France a soutenu les institutions de Bretton Woods, appuyé la recapitalisation de banques de développement (BIRD +30%, BAfD +200%, BAsD +200% et BID +70%) et a participé à la reconstitution des fonds concessionnels de la Banque Mondiale et de la BAfD à hauteur respectivement de 1,7 Md\$ et de 0,4 Md€.

L'AFD a pleinement joué son rôle contra-cyclique en accroissant et diversifiant ses financements (+40% d'activité), permettant aux investissements de continuer à se réaliser.

La France passe d'une "politique d'aide" à une "politique de coopération", poursuivant 4 objectifs: gestion des crises, promotion d'une croissance économique équitable et durable, lutte contre la pauvreté et les inégalités, préservation et promotion des biens publics mondiaux. Elle coopérera prioritairement dans 4 groupes de pays, selon des partenariats différenciés: Afrique subsaharienne (60% de l'effort budgétaire), pays en crise ou en sortie de crise, bassin méditerranéen, et pays émergents à enjeux globaux.

### **3. Mesures pour améliorer la prévisibilité de l'aide**

La France a adopté en 2008 une Loi de programmation budgétaire pluriannuelle qui donne à la politique de coopération une perspective budgétaire à moyen terme (2011-2013).

Avec les Documents Cadres de Partenariat la France s'est engagée à améliorer les prévisions de versements. Ils seront progressivement aménagés pour tenir compte de l'évolution du cadre de

coopération: harmonisation avec la programmation européenne, et concentration géographique et sectorielle accrue.

## **GERMANY**

### ***1. New/additional action to accelerate progress towards the MDGs by 2015***

The Millennium Declaration is the strategic framework for German development co-operation. Germany supports a holistic approach to MDG achievement encompassing all the goals as well as cross-cutting issues, including peace and security, the promotion of gender equality, and human rights. Germany's action in support of the MDGs emphasises country ownership, good governance, promotion of sustainable, inclusive and green growth, education, , mobilisation of national resources and strengthening civil society's and the private sector's contribution towards MDG achievement. Enhancing aid effectiveness and promoting policy coherence for development are high priority issues. Germany has helped shape the agenda for the UN summit in September 2010, including by opening up the discussion on MDGs beyond 2015. Germany is strengthening the results orientation of its development cooperation, promoting results based financing and exploring the potential of cash on delivery aid. While Germany aims to strengthen its focus on the poorest countries, it is also adapting its cooperation with emerging economies and non-traditional donors towards more demand-led and market-oriented approaches, triangular and South-South cooperation.

### ***2. Measures to increase predictability of aid***

Germany informs partner countries about its commitments 2-3 years in advance based on co-operation agreements and provides information on plans, including 3 year rolling expenditure plans, tailored to requests received from partner governments.

### ***3. Changes in development policy, and what drives them:***

The guiding principle throughout Germany's policy remains human rights. In its current reforms, BMZ has refocused German development policy on five priorities: education, health, good governance, rural development and sustainable economic development. Germany's Ministry for Economic Cooperation and Development (BMZ), has decided to merge the three institutions of German technical cooperation (GTZ, InWEnt and DED) into a single agency – Deutsche Gesellschaft für Internationale Zusammenarbeit. At the same time, BMZ is deepening the collaboration between technical and financial cooperation (implemented by KfW Entwicklungsbank). The efficiency gains from this reform will allow BMZ to further improve its portfolio management and strengthen its policy and supervisory role.

## GREECE

### ***1. Measures to accelerate progress towards the MDGs by 2015***

The vision and goals of Greek development policy since 2009 reinforce its focus on achieving the MDGs. Its overarching aim is to contribute to sustainable poverty reduction in an effective way, mainly in relation to MDGs in education, health, and environment. To accelerate progress, the Government decided to increase the proportion of aid to be allocated to LDCs. Its environmental activities for the period 2009-2014 will focus on (1) climate change adaptation in East and Central Africa in cooperation with the African Union and the World Meteorological Organization, and on (2) climate change vulnerability risk assessment, adaptation and mitigation in the Caribbean and the Indian Ocean.

### ***2. Changes in development policy, and what drives them***

Promoting country ownership is a priority of Greek development policy; Greece aims to set up solely demand-driven programmes. It increasingly joins forces with other donors in Afghanistan, a priority country for Greek Development Co-operation since 2009. It has also prolonged its Hellenic Plan for the Economic Reconstruction of the Balkans until 2011. Moreover, Greece intends to respond promptly to emerging needs of developing countries such as the wheat crisis unfolding after Russia's catastrophic fires in summer 2010.

### ***3. Measures to increase the predictability of aid***

In light of its financial and economic difficulties, Greece is currently in the process of revising its development programmes and planning over the medium-term.

## **IRELAND**

### ***1. Measures to accelerate progress towards the MDGs by 2015***

Ireland considers that slow progress on MDG1 is impeding progress on other MDGs. It has therefore prioritised addressing hunger and food insecurity across its development cooperation programme. It now appraises its programmes and projects through a “hunger lens” and focuses substantial resources on hunger reduction in Programme Countries, particularly in Tanzania and Ethiopia. New country strategy papers (CSPs) for Malawi and Uganda approved in 2010 have a stronger focus on hunger reduction activities. These CSPs also address the adverse impacts of climate change on agriculture as a food security challenge, supporting smallholder farmers to improve their resilience to natural disasters. Hunger related actions are coordinated with other priorities such as HIV/AIDS, good governance, and education. To strengthen the focus on results, Ireland has improved its planning and monitoring processes, introduced results frameworks in all programme strategies and plans, and provided training on managing for development results to staff over the past year.

### ***2. Changes in development policy, and what drives them:***

Ireland recognises that failure to address the global challenge presented by food insecurity will significantly undermine some of the progress made towards achieving the MDGs. The Government is committed to giving effect to the findings of its Hunger Task Force (2008) which recommended a stronger focus in the Irish Aid programme on increasing smallholder agricultural productivity, targeting under-nutrition, especially maternal and infant under-nutrition, and promoting governance and leadership action on tackling global hunger. The pivotal role of women farmers and the particular vulnerability of women and children to food and nutrition insecurity is being more fully integrated into analysis and planning.

### ***3. Measures to increase the predictability of aid***

Forward planning information is available through the countries strategy papers, which are signed with priority partner countries. These papers provide indicative multi-year funding approvals. To improve predictability of aid to partner countries, the timeframe for Country Strategy Plans has been increased from 3 to 5 years.

## ITALY

### **1. Measures to accelerate progress towards the MDGs by 2015**

In 2010 Italy established a roundtable of public and private actors involved in development cooperation activities to foster broader resource mobilisation for achieving the MDGs.

It also updated the programming guidelines and directions for 2011-2013. To help accelerate progress towards the MDGs Italy intends to concentrate its ODA on fewer countries and emphasizes specific MDG targets in recently approved and forthcoming sector guidelines. Italy has elaborated new guidelines on: poverty reduction, democratic ownership, communication, evaluation, decentralized cooperation, health, persons with disabilities and gender while others are in the pipeline in areas like education, minors, capacity development, agriculture, general/sector budget support, programme based approaches and use of country systems, and International organizations. These guidelines are designed to bolster Italy's efforts to making the MDGs achievable by 2015.

### **2. Changes in development policy, and what drives them**

There has been no specific change to Italy's development policy in 2010. However, in addition to mobilizing more resources across the Italian aid system, the roundtable (see above) is attempting to establish a "whole-of-country" approach to development through action-oriented dialogue among different actors with a stake in development cooperation such as NGOs, universities, entrepreneurial associations, local and regional authorities.

### **3. Measures to increase the predictability of aid**

Italy has worked to improve the predictability of its aid through the updated three-year programming guidelines (2011-2013). The country offices work with 3-year financial plans which are revised every year.

## **JAPAN**

### ***1. Action to accelerate progress towards the MDGs by 2015***

Japan is committed to economic growth, which it sees as central to poverty reduction, and to human security. It also prioritises the health and education sectors among other target areas. Japan is starting to engage in programme-based approaches in the health sector pursuing tangible impacts such as reductions in the mortality ratio. In the education sector, it focuses on quality, particularly in secondary education. Japan is increasingly emphasising enhancing the efforts of all stakeholders including donors, recipients and civil society; as well as building the “self-help” capacity of developing countries.

### ***2. Changes in development policy, and what drives them***

“Priority Policy Issues for International Cooperation” for the fiscal year 2009 raised the following priority issues, responding to the economic crisis and public opinion: (i) support for regional cooperation to strengthen Asian countries against the economic and financial crisis; (ii) eradication of terrorism, such as the efforts in Afghanistan and Pakistan, and peace-building and stabilization in developing countries; (iii) addressing environmental issues, including climate change; (iv) facilitating Japanese companies’ activities in developing countries, which contributes to sustainable growth of developing countries; and (v) public participation in international cooperation and further dialogue or collaboration with NGOs.

### ***3. Measures to increase the predictability of aid***

Japan uses a 3-5 year rolling implementation plan for almost all its partner countries. These implementation plans are shared with partners and disclosed to the public. The rolling implementation plan lists and classifies each of Japan’s ODA activities including pledged and completed ones, according to priority sectors, issues and assistance program. Each project and schedule is then decided through discussions with partner countries in consistence with its development policies.

## KOREA

### **1. Measures to accelerate progress towards the MDGs by 2015**

To accelerate efforts to achieve the Millennium Development Goals, Korea is increasing its focus on the most off-track regions and goals. It has strengthened its “Framework for Korea-Africa Development Cooperation” while also launching the “New Asia Initiative,” with the aim of doubling its ODA for ASEAN countries by 2015. Korea sees addressing global issues as urgent. It is collecting the air-ticket levy to contribute to disease eradication in Africa. It joined the Muskoka Initiative, committing an additional USD 130 million on maternal and child health programs and is providing USD 200 million through the East Asia Climate Partnership to help developing countries adapt to climate change.

### **2. Changes in development policy, and what drives them**

The recently enacted “Framework Act on International Development Cooperation” sets out Korea’s overall philosophy and principles for development co-operation. The Committee for International Development Cooperation has been strengthened, and a Development Cooperation Bureau established, under the Prime Minister’s Office. Korea has also made concrete plans to build an integrated ODA review system, establish Country Assistance Strategies, and to expand its untied aid to 75% by 2015. It is scaling up its aid, aiming to triple its ODA to 0.25% of GNI by 2015.

### **3. Measures to increase the predictability of aid**

Korea is also making efforts to improve predictability. For its grants, Korea plans to establish a multi-year rolling plan which will include aid volumes, priority sectors, and project/programs. It will be shared with partner countries and revised through dialogue. For its ODA loans, Korea has established a five-year operational plan and concluded some framework arrangements, which set out the amount of multi-year ODA commitments. Korea plans to use of framework agreements in all of its priority countries.

## LUXEMBOURG

### ***1. Measures to accelerate progress towards the MDGs by 2015***

Luxembourg combines its effort of scaling-up ODA with an increased attention to new challenges that gained importance since 2000: climate change, the economic and financial crises, migratory movements and situations of fragility. It focuses increasingly on regional integration processes, particularly in West Africa. Luxembourg concentrates its efforts on the social sectors, notably health and education, and on integrated local development. The adoption of a more programme-based and sector-wide approach to the health sector should have beneficial effects on MDGs 4, 5 and 6.

### ***2. Changes in development policy and what drives them***

Luxembourg follows an approach of continuity whereby changes are introduced gradually in response to requests from partner countries and to a changing international environment. The new government programme (2009-2014) commits to maintain ODA at 1% of GNI over the coming years, and to increase the quality and effectiveness of development cooperation. Particular attention is paid to regional approaches, situations of fragility, and linkages between development and climate change. The third generation of ICPs will share a common structure, inspired by the country strategy papers of the European Union, and will contain a joint commitment of Luxembourg and the respective partner country to the principles of aid effectiveness.

### ***3. Measures to increase the predictability of aid***

Bilateral aid is delivered through multi-annual (4-5 year) indicative cooperation programmes (ICPs) negotiated with the partner country governments and in line with their national development strategies. These ICPs include indicative financial allocations, thus providing partner countries with an important degree of medium-term predictability. An annual review of progress at ministerial level and in bilateral partnership commissions ensures that the ICPs remain relevant to the respective partner countries' priorities.

## THE NETHERLANDS

### **1. Measures to accelerate progress towards the MDGs by 2015**

Using ODA as a lever for increased sustainable investments in development, the Dutch government in 2007 stepped up its efforts to stimulate and facilitate public-private partnerships by appointing an Ambassador for the MDGs and creating *Millennium Agreements* between public and private partners.

### **2. Changes in development policy and what drives them**

In 2009 the Netherlands moved to strengthen multilateral aid to (i) tackle global problems such as the financial and food crises and climate change; and (ii) play a stronger role in fragile states, gender equality, sexual and reproductive health and rights, growth and equity. In this context, it strives for more effective and efficient multilateral aid that reflects the changing needs of developing countries; improves international cooperation and division of labour; improves links with national policy and systems; and improves the representation of developing nations in international organisations. Dutch NGO policy has also changed, with a new focus on strategic alliances of NGOs around priority development areas and increased complementarity between different aid channels.

### **3. Measures to increase predictability of aid**

The Netherlands has used four-year Multi-Annual Strategic Plans (MASPs) for its partner countries since 2005. This has substantively increased the mid-term predictability of its aid in terms of objectives, results and financing. The Netherlands is currently evaluating the current MASPs, which terminate in 2011, so as to make the next generation of country plans – to be operational by 2012 - even more strategic and improve their predictability.

## **NEW ZEALAND**

### **1. Measures to accelerate progress towards the MDGs by 2015**

New Zealand remains strongly committed to supporting Pacific Island countries' achievement of the MDGs. The Pacific is the region second least likely to achieve the MDGs. New Zealand is increasing the size of its aid programme and channelling more aid into the Pacific.

The New Zealand Aid Programme has a core focus on sustainable economic development, which underpins the achievement of all the MDGs. In accordance with developing countries' priorities, support has been increasing in areas such as agriculture and fisheries, transport, energy and strengthening resilience to natural and environmental vulnerabilities. Improving education and health outcomes also remain an important priority.

New Zealand strongly supports the Cairns Compact on Strengthening Development Coordination, adopted by Pacific Forum Leaders in 2009. The Compact is helping strengthen the coordination of available resources to achieve real progress against the MDGs.

### ***2. Changes in development policy, and what drives them***

The New Zealand Agency for International Development (NZAID) has been reintegrated into the Ministry of Foreign Affairs in order to improve coherence between development cooperation and foreign policy.

Ongoing changes involve greater attention to measuring outcomes and effectiveness as well as to the value for money, accountability and quality assurance dimensions of the aid programme.

### ***3. Measures to increase the predictability of aid***

New Zealand has an excellent record in providing forward information on aid allocations for partner countries. New Zealand has multi-year appropriations for its bilateral programmes and publishes rolling three-year financial allocations. These increase certainty around aid allocations and greatly reduce pressure to spend funds towards the end of each financial year. Allocations are communicated in writing to partner countries as soon as they are definite.

## NORWAY

### **1. Measures to accelerate progress towards the MDGs by 2015**

Norway will continue to focus on the health-related, education and gender equality goals, enhancing its financial support for these with high-level dialogue and strengthened global partnerships at the political level. Norway also promotes the UN Secretary General's *Joint Action Plan for Women's and Children's Health* and, for MDG2 (education) achievement, targets vulnerable groups, emphasising gender parity and educating children in hard-to-reach locations, notably conflict and disaster zones. Insecurity is an overriding threat to all the MDGs and Norway will continue its work to ensure broad based support for, and implementation of, the Oslo Commitments on Armed Violence.

### **2. Changes in development policy, and what drives them**

Through its support for the Forest Partnership for Reducing Emissions from Deforestation and Forest Degradation (REDD)+ Financing, agreed at the Oslo Climate and Forest Conference in May 2010, Norway is helping to achieve major global reductions in carbon emissions and thereby eliminating a significant source of global climate change. As part of this, Norway is channelling approximately USD 500 million per year through international and national REDD+ Partners. Norway is also actively considering a substantial increase in its funding of clean energy through Public Private Partnerships (PPP) in developing countries and extending a PPP approach for clean energy investments to the international level.

### **3. Measures to increase predictability of aid**

Norway provides full and timely information on annual commitments and actual disbursements to its partner countries. In order to support planning in its partner countries through national medium-term expenditure frameworks, Norway provides indicative planning figures for entire planning periods and budget cycles and ensures that aid predictability is an integral part of its budget dialogue with partner governments.

## PORTUGAL

### **1. Measures to accelerate progress towards the MDGs by 2015**

Portugal focuses on achieving the MDGs in its priority partner countries, most of which are least developed countries and fragile states, through interventions in education, health, rural development and governance sectors. It redefined its indicative co-operation programmes to align better with the MDGs prioritised by partner countries. Portugal is adopting a whole-of-government approach to define and implement interventions in partner countries' priority development areas. This integrated approach is particularly relevant for Portugal since most of its partner countries are in situations of post-conflict and fragility, where MDGs tend to lag behind.

### **2. Changes in development policy, and what drives them**

Portugal has revised co-operation policies and adopted new sectoral strategies with a view to increase the coherence and effectiveness of its development co-operation. It established a *national security and development strategy* to improve coherence of development and security policies. Portugal also approved new strategies on *multilateral co-operation* and *national development education*, both with the objective of improving the conditions for achieving the MDGs in partner countries. *Gender* and *governance* strategies are being revised in line with the same objective. Portugal reformed its *scholarship programme* to provide more scholarships in partner countries than in Portugal. Finally, legislation aimed at ensuring Policy Coherence for Development (PCD) has been adopted

### **3. Measures to increase the predictability of aid**

Portugal reformed its country strategies to increase the medium term predictability of its aid. Its Indicative Co-operation Programmes are aligned with the objectives and time frames (3-4 years) of partner countries' development strategies. Each programme has a financial envelope that is formally agreed between Portugal and the partner country through a Memorandum of Understanding. Therefore, partners know in advance the amount of resources they can expect to receive. For the past years, disbursements have not significantly diverged from programmed amounts.

## SPAIN

### **1. Measures to accelerate progress towards the MDGs by 2015**

The Third Master Plan of Spanish Cooperation (2009-2012) was designed with the aim to help partner countries to achieve the MDGs and to ensure that all Spanish policies are consistent with this goal. To accelerate progress towards the MDGs, Spanish co-operation has made efforts to become more effective, to work on areas in which it has a comparative advantage, and to choose its partners strategically and with a focus on eradicating poverty. Spanish co-operation has mainly focused on developing partnerships, on multilateral cooperation, policy coherence for development, citizens' education for development, and research and innovation for development.

### **2. Changes in development policy, and what drives them:**

In light of the MDG progress reports, the economic crisis and demands from development partners, Spanish cooperation has re-focused its efforts on food security, climate change and sustainable economic growth. It contributes actively to the debate on the reform of Global Economic Governance. At the same time, the Spanish government remains firmly committed to continuing its work on health, gender equality and education.

### **3. Measures to increase the predictability of aid**

To ensure predictability of bilateral funding, Spain's four-year co-operation agreements with partner countries list all the resources that the partner country are likely to receive during that period, and are revised every year in a bilateral meeting.

Most recently, Spain has made efforts to enhance the predictability of its multilateral co-operation. Its new multilateral strategy sets up two mechanisms to that effect: (1) multi-annual budgetary planning with a) baselines and indicators for the allocation of funds; b) an explanation of how the criteria defined in the multilateral strategy are met - including predictability), and (2) multi-annual strategic frameworks with selected multilateral partners. In 2009, Spain has signed new strategic agreements with UNDP, UNICEF and UNIFEM, and is planning to do so with UNHCR and UNFPA as well.

## SWITZERLAND

### ***1. Measures to accelerate progress towards the MDGs by 2015***

In 2010 the Swiss government published an interim report on its contribution to the MDGs. Switzerland will maintain or likely increase its current ODA volume over the next five years to support achieving the MDGs. With Swiss development programmes traditionally focused on health and water, no major changes were needed there to align with the MDGs. Switzerland also strives to focus other areas of engagement to advance economic and political governance and human rights.

### ***2. Changes in development policy and what drives them***

In addition to short term measures in response to emergency situations triggered by the financial and economic crisis, Switzerland continues to support partner countries in creating stable economic conditions, strengthening competitiveness and financial sector infrastructure, diversifying trade and mobilising private sector investment. Special emphasis is put on fostering development cooperation beyond the provision of aid for poverty reduction, and on identifying opportunities to integrate global issues such as climate change, migration, global food security and water into Swiss cooperation programs. Recognising the important countercyclical role multilateral institutions play in crisis response, Switzerland supports the increase of capital and the replenishment rounds of the World Bank and the regional banks. In addition to short term measures in response to emergency situations triggered by the financial and economic crisis, Switzerland continues to support partner countries in creating stable economic conditions, strengthening competitiveness and financial sector infrastructure, diversifying trade, and mobilising private sector investment.

### ***3. Measures to improve predictability of aid***

Switzerland's parliamentary aid budget cycles of four years provide partner countries with a sufficient level of predictability. It communicates its forward expenditure plans to its partners through Cooperation Strategy Papers that include sector expenditure plans for the four subsequent years. Country offices are encouraged to update partners regularly on projects and programmes. Switzerland subscribed to the International Aid Transparency Initiative (IATI) and expects to start implementing IATI Phase 1 by end of 2011. It is also developing guidelines to foster the predictability of aid through the provision of regular and timely information on annual commitments and disbursements and on forward spending plans.

## UNITED KINGDOM

### ***1. Measures to accelerate progress towards the MDGs***

The UK remains committed to the MDGs, especially on health, and it is the second largest bilateral donor in this sector. In 2008-09 DFID's programme trained over 70,000 health professionals in 22 priority countries. DFID has recently published Frameworks for Action on Malaria and on reproductive, maternal and newborn health, which will be a key focus over the coming years. Internationally, in 2009-10, DFID played a lead role in the development of the Global Consensus for Maternal, Newborn and Child Health and the emerging UN Secretary General's "Joint effort" to accelerate progress on MNCH.

### ***2. Changes in development policy, and what drives them***

Following the change of government in May 2010, the UK has set out its priorities in development policy as: taking forward direct action to achieve the MDGs (including re-energising the fight against malaria and reducing infant and maternal mortality); delivering 0.7% ODA/GNI from 2013 and enshrining this in law; driving action on climate change; focusing on wealth creation; improving impact in conflict countries; and promoting gender equality. Underpinning all UK aid delivery is a strong focus on results, promoting value for money and full transparency. This is happening alongside reviews of all major spending areas including bilateral, multilateral, and emergency response to ensure they represent value for money.

### ***3. Measures to increase the predictability of aid***

DFID has taken steps to implement the Accra Agenda for Action commitment on medium term predictability. It provides rolling 3-year indicative resource allocations to partner countries where those resources are provided through government. Information is provided to the partner government in the format and at the time that they require it and the partner government may publish it in their budget documents. Indicative resource allocations are not firm commitments. When DFID provides this information the factors that might prompt changes are made clear to partner country governments. DFID has been also been innovative in paving the way for increased predictability in some of its partner countries through the use of ten-year Development Partnership Arrangements (DPAs), which set out the annual volume of aid that DFID expects to allocate to a partner country over a ten-year period. In June 2010 the Secretary of State announced the UK Aid Transparency Guarantee, which commits DFID to publishing full information about our projects online in an open and internationally comparable format. Publication is scheduled to commence in January 2011.

## UNITED STATES

### ***1. Measures to accelerate progress towards the MDGs by 2015***

In 2010 the United States released its strategy for meeting the MDGs, “Celebrate, Innovate, and Sustain: Toward 2015 and Beyond,” which lays out a strategic and results-focused plan that promises to both reenergize efforts to achieve the MDGs and strengthen the United States' voice in the global development dialogue. As key steps in accelerating progress towards the MDGs and other development outcomes, the U.S. has introduced major new initiatives: the Global Health Initiative, the Feed the Future Initiative, and the Global Climate Change Initiative.

### ***2. Changes in development policy, and what drives them***

To meet the challenge of policy coherence in US assistance, in September 2010, President Obama issued the first-ever development policy by a U.S. President, elevating development as a strategic, economic, and moral imperative for the U.S. The policy focuses the U.S. government on achieving sustainable development outcomes by making broad-based economic growth and democratic governance top priorities, investing in game-changing innovations that have the potential to solve long-standing development challenges, and building effective public sector capacity to provide basic services over the long term. The policy also puts a premium on selectivity, on leveraging the expertise and resources of others, on empowering governments that demonstrate high standards of transparency and accountability, and on driving investments with evidence of impact. In December 2010, Secretary Clinton released the first-ever Quadrennial Diplomacy and Development Review (QDDR) to help build more agile, responsive, and effective institutions for diplomacy and development.

### ***3. Measures to increase predictability of aid***

The US is committed to aid effectiveness and striving to make aid more predictable. In 2010, a U.S. foreign assistance transparency agenda for action was approved, which includes an aim of addressing medium-term predictability in a comprehensive manner. Currently, all Millennium Challenge Corporation compact assistance is committed in full at compact signing, and other agencies managing foreign assistance can provide indicative information.