



Are we ready for Accra... and more important, for what lies beyond? The Third High Level Forum on Aid Effectiveness will set the stage for several meetings that will be critical to achieving our development goals.

In previous editions of DACnews, we have provided regular updates on the preparations for the Third High Level Forum on Aid Effectiveness (Accra, Ghana 2-4 September). In this, our last DACnews before the meeting, we offer an insider's view of many of the issues that will be shaping the discussions there. What are the priorities being decided on by donors and developing countries as they shape the Accra Agenda for Action? What is the latest monitoring survey telling us about progress since 2005? Where do donors need to step up their efforts? Jan Cedergren, Chair of the DAC Working Party on Aid Effectiveness, also joins us via a special interview to offer his perspective on where aid is heading.

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Gearing up for Accra: Setting a new agenda for action

When donors and developing countries endorsed the Paris Declaration on Aid Effectiveness in 2005, they struck a bargain to change the way they deliver and manage aid. Their common goal in doing so was to make these resources more effective in helping developing countries to meet the crucial development goals they have set for themselves. Translated into simple terms, they pledged to palpably improve the lives of the world's most underprivileged people.

This goal is at the forefront of discussions as donors and developing countries work together to refine the commitments that will be endorsed in the [Accra Agenda for Action \(AAA\)](#) at the Third High Level Forum on Aid Effectiveness (2-4 September). This action plan, developed through a broad-based process of dialogue among the key actors – and led by developing countries – will step up progress toward reaching agreed development targets.

The AAA will draw on the results of several key studies – highlighted throughout this edition of DACnews – that are charting progress since the Paris Declaration was signed. By identifying critical bottlenecks and means of overcoming them, it will take the implementation of the Paris Declaration forward at a much faster rate.

At Accra, developing and donor country partners will have several key concerns at the top of their list as they look at how they will work together to step up progress toward the 2015 Millennium Development Goals:

1. Developing countries need to take the lead on their own development policies, actively involving their parliaments and citizens, with a focus on developing the necessary capacity to make country systems stronger and more reliable. This goes hand in hand with increasing the predictability of aid to allow governments to plan properly.
2. Developing and donor countries alike must be accountable to each other and to their parliaments and citizens, demonstrating how their policies and programmes translate into real impact on people's lives.
3. The existing development partnerships must be made more open and inclusive to ensure that all actors are brought into the process, pooling their strengths so that collective efforts will have greater impact.

Effective aid by 2010: What it will take

The Paris Declaration is about building better partnerships and shifting the balance to make aid more of a two-way street. It is founded on a shared conviction: aid is most effective when countries fully own development policies and programmes that enable them to achieve their own economic, social and environmental goals, and sustain these achievements over time. This conviction, solidly grounded in decades of development experience, calls for substantive and comprehensive change in the way donors and developing countries do business.

It is not an easy task. Changing practices in international aid means reshaping deep-seated behaviours, rechanneling complex processes and building capacity where it is weak or even lacking. New incentive structures will have to be put in place for donors and partner countries alike. And this process – the process of development – requires time, focused attention and unyielding political will.

This is why the Paris compact includes a commitment to closely monitor progress through periodic surveys. The first one, done in 2006, created a baseline against which to measure progress. The 2008 survey, which has just been completed, will underscore what needs to be

done to reach the Paris Declaration targets for 2010.

Fifty-four aid-recipient countries participated in the [2008 monitoring round](#). Their input shows significant advances in some countries and areas, confirming that real change is possible when resolute, joint efforts are made. What's more, the workshops and seminars organised in connection with the 2006 and 2008 surveys around the world have widened the circle of countries and stakeholders taking an active interest in improving aid effectiveness. One indication of the impact of these efforts is the large increase in the number of countries that agreed to participate in the 2008 survey – 54 countries in 2008, as compared to 34 in 2006 – and the energy and seriousness with which they have contributed to it.

Yet the results from the survey show that progress is not uniform across countries and donors, and many still register no change against the baseline established in 2005. The message is clear: greater efforts and more consistency in turning principles into actions are essential. More of the same will not deliver the transformation to which the Paris Declaration signatories have committed themselves.

The information from the monitoring survey will be critical in ensuring that donors and developing countries agree - when they meet in Accra - on the actions that are most likely to help them hit the mark.

Is aid going where it is needed most?

Nearly three years ago, the members of the Development Assistance Committee announced renewed commitments to increase their official development assistance to provide an additional USD50 billion of ODA by 2010 (in 2004 dollars). To help monitor delivery on these pledges, the DAC agreed to conduct regular surveys of its 23 members' plus ten major multilateral agencies' plans for allocating their aid, covering 153 recipient countries.

This is being done through an [annual survey](#), using a new measure ("country programmable aid" or CPA) to gauge the amount of aid that can be programmed at recipient country level. In 2005 – the baseline year – CPA amounted to USD 60 billion. USD 47 billion of this was from DAC bilateral donors, equalling 46% of their gross bilateral ODA.

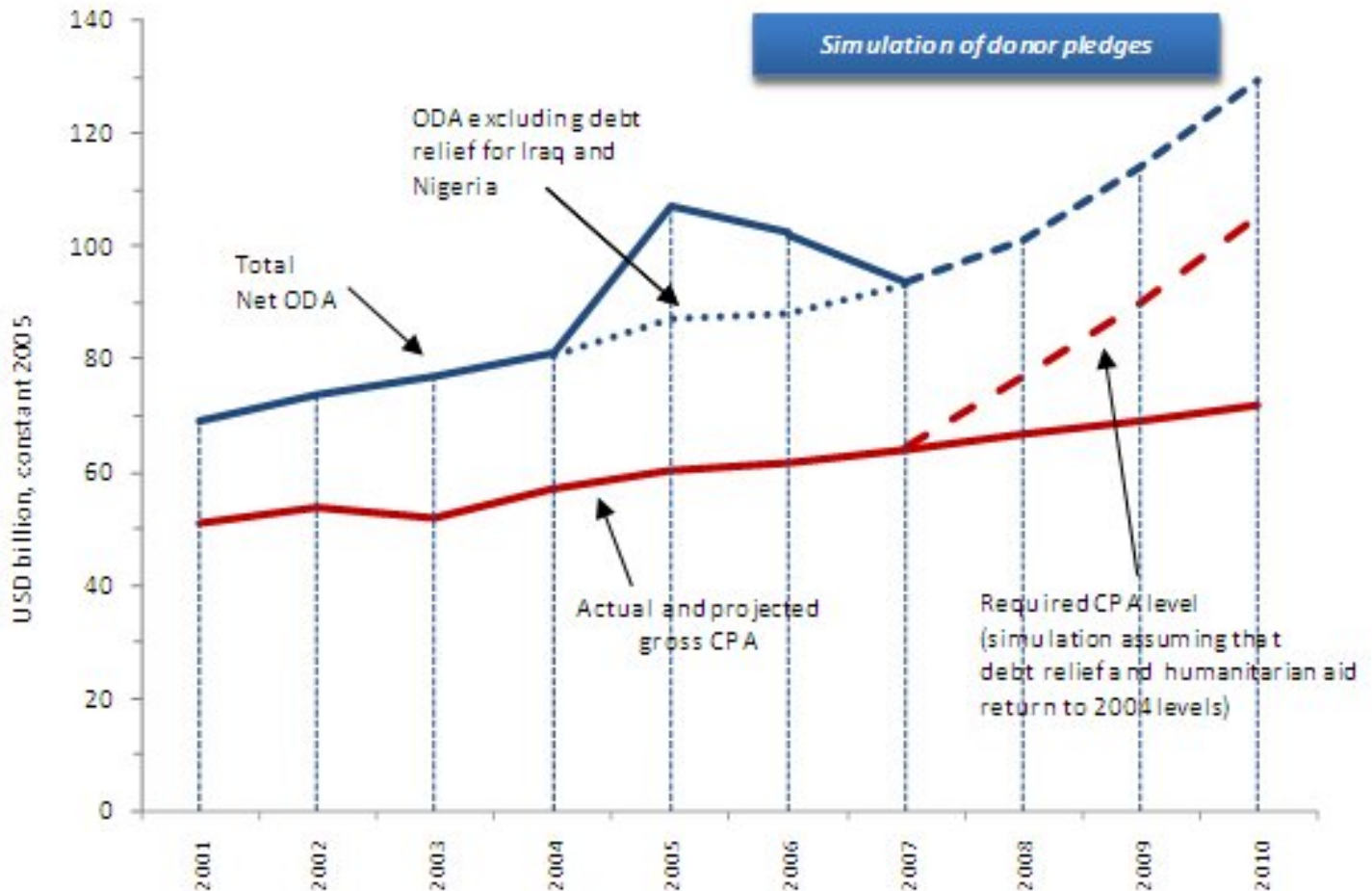
This information will not only track delivery on donors' commitments; it will also make it clear where there are resource gaps, as well as opportunities for improving co-ordination in each aid-recipient country. It will also help to improve the medium-term predictability of aid, a key target of the Paris Declaration.

The 33 donors covered by the first survey, concluded in early 2008, provided information on forward spending to 2010, covering 56% of total CPA from all donors. Estimates were made for the balance.

With respect to **delivering on global commitments**, the survey results show that USD 21 billion of the USD 50 billion promised are already delivered or programmed into the donors'

forward spending plans. But on the assumption that debt relief and humanitarian aid return to 2004 levels, this leaves nearly USD 30 billion in 2004 dollars - about USD 34 billion in 2007 dollars - still to be programmed into donor budgets if 2010 commitments are to be fully met.

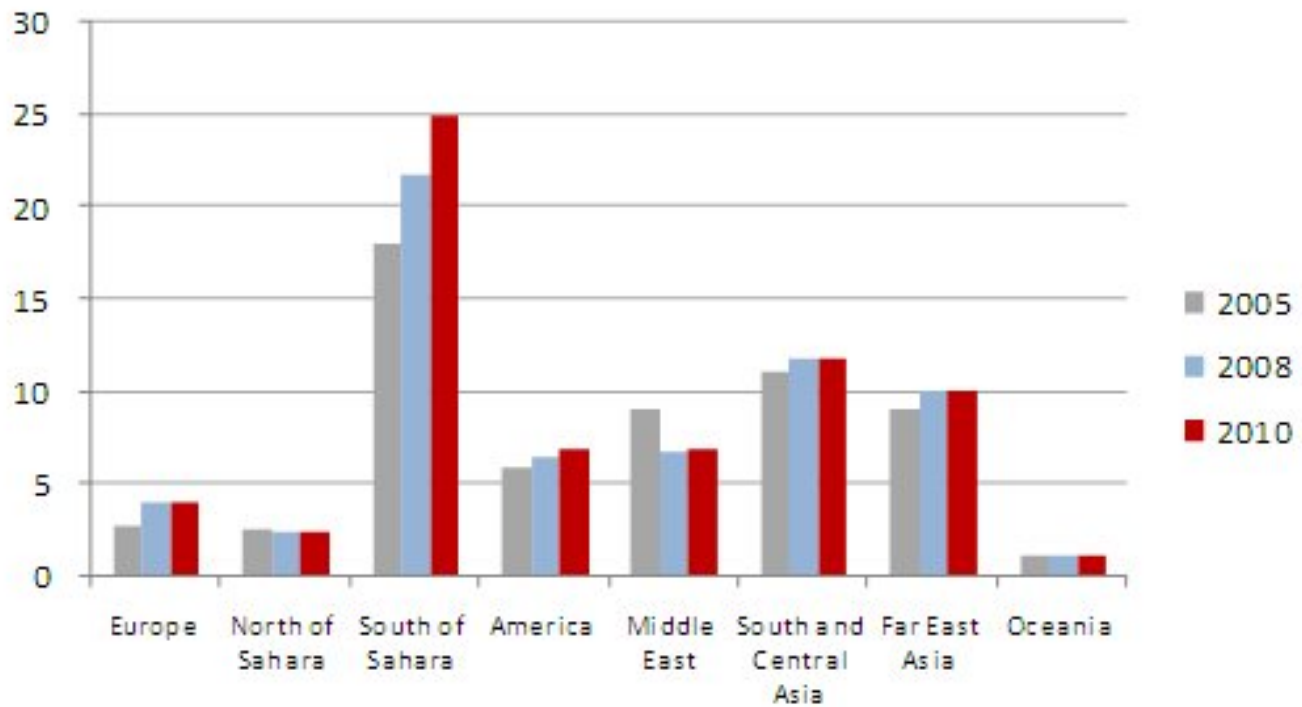
A gap to close: DAC members' total net ODA and gross CPA for 2001–2010



Note: Net ODA for 2007-2010 is estimated by the DAC Secretariat.
CPA for 2007-2010 is based on Survey returns and estimates by the DAC Secretariat.

There has been slightly better progress on delivering on promised **increases in aid to Africa**. In 2005, donors committed to increase this funding by USD 25 billion (in 2004 dollars) by 2010. At the half-way point, net ODA to Africa is estimated to have increased by some USD 7 billion (since 2004). The survey shows a further USD 4 billion programmed for 2008 to 2010. But this still leaves some USD 14 billion outstanding, assuming debt relief and humanitarian aid return to 2004 levels.

More aid projected for sub-Saharan Africa, but well below commitments (gross CPA disbursements – constant 2005 USD billion)



Finally, with regard to **improving aid predictability at the country level**, the survey provides a broad indication of trends in future aid levels for 153 partner countries. It shows that 102 countries can expect a real increase in their aid by 2010, 33 of them by USD 100 million or more. In contrast, 51 countries are faced with a decrease in aid by 2010. For some, such as China, Egypt, India and Thailand, this reflects a diminishing need for aid. Yet eight less-developed countries and four fragile states are each expected to have drops of over USD 20 million, giving cause for concern.

The survey is particularly useful for **reviewing aid allocation across countries at the global level**. Combined with the assessment of existing aid allocation patterns, it can help to address the existing fragmentation of aid and provide essential information to take forward action on improving the division of labour among donors.

Actions for Accra: The DAC High Level Meeting

On 21 May, participants in the [DAC High Level Meeting](#) agreed to help build consensus around the Accra Agenda for Action by sending some clear political messages. They signalled the strong role of developing countries in pushing the implementation of the Paris Declaration principles and welcomed the wide engagement of civil society in the Accra process.

Against this background, they committed to accelerate progress by taking decisive actions in six priority areas identified by partner countries:

Strengthen demand-driven capacity development by designing technical co-operation around their partner countries' objectives and relying increasingly on local or regional expertise.

Increase predictability of funding by providing regular and timely information on their spending and/or implementation plans so that partner countries can integrate these in their medium-term planning and

macroeconomic frameworks.

Apply conditions on the use of aid funds in ways that strengthen partner country ownership and focus on results.

Improve division of labour by letting partner countries take the lead while ensuring that all partner countries receive adequate support.

Provide incentives in the way of job profiles and staff assessment criteria that will support practices in line with the Paris Declaration commitments.

Untie aid to all heavily indebted poor countries (HIPCs) and promote local and regional procurement, while making a call to non-DAC donors to follow suit.

Untying aid to the 39 HIPCs means that non-least developed countries like Bolivia, Cameroon, Côte d'Ivoire, Ghana, Guyana, Honduras, Nicaragua and Democratic Republic of Congo will now be able to buy goods and services locally, rather than being obliged to use ones provided by the donor.

Reporting on the outcome of the High Level Meeting, the Chair of the DAC, Eckhard Deutscher, noted that untying aid is critical to making development co-operation more effective, allowing developing countries to have more choice regarding the procurement of goods and services.

Food prices: More room for change

Rising food prices have thrown a spotlight on the poor performance of the agricultural sector in many developing countries, and particularly in Africa. As three-quarters of the world's poor live in rural areas and are involved in agricultural activities, increasing agricultural productivity and expanding rural employment opportunities are central elements of a strategy for promoting patterns of growth that will enable poor women and men to participate in economic growth – and benefit from it. Recent experiences in countries such as China and Viet Nam evidence how well-placed investments in agriculture demonstrate very good value for money.

A **POVNET** task team – comprising DAC members and multilateral organisations (CGIAR, FAO, IFAD, WFP, World Bank) – was formed to develop guidance on how this type of growth can be brought about. As in many other areas, the new agenda they have proposed implies changes in donors' approaches; more of the same will not do it. While agriculture has to be seen as an important contributor to economic progress and as a private sector activity in which it is profitable to invest, the strategies for achieving this change need to be set in a broader context of structural adaptation.

Implementation workshops held recently in Cambodia, Ghana and Mali are demonstrating the relevance of the POVNET guidance on promoting growth that will benefit the poor. At the same time, they highlight some of the implementation challenges donors face. In Ghana, for example, the cultivation of rubber is potentially a profitable, long-term activity for smallholders, but the required long-term financing was not available until donors stepped in. In Cambodia, the low priority given to the maintenance of rural roads has resulted in hotels near Angkor Wat flying in food supplies from Thailand, rather than buying rice grown in neighbouring regions. In Mali, there is considerable scope to improve smallholders' productivity in the agriculture sector, but the local market for supply and demand needs to be better organised.

The issue of current high food prices has different impacts on poor people – depending on whether they are producers or consumers – and on poor countries – according to the degree to which farmers are connected to international markets. Policy responses will need to provide important, short-term humanitarian and food aid urgently. They will also need to go beyond food aid in the medium to long term to promote not only stronger agricultural growth, but also the broad-based structural changes and economic growth needed to improve the purchasing power of food buyers and, in particular, the poor.

Feature article: International aid in transition

The purpose of aid is to contribute to development results – tangible improvements in the lives of the world’s poorest people. This is the conviction of **Jan Cedergren, Chair of the OECD-DAC Working Party on Aid Effectiveness**. To ensure that this happens, donors and developing countries need to improve the quality as well as the quantity of aid. Cedergren shares his views on where aid is going – and where it needs to go – in an interview with Lena Tranberg of the Swedish Ministry for Foreign Affairs.

Analysis of past successes and failures led to the formulation of the Paris Declaration on Aid Effectiveness in March 2005. While the principles set forth in this document have been widely accepted, progress on implementing them is still far from complete.

Jan Cedergren shares with us his view of what is still needed to generate the decisive action that will definitively change the way donors and developing countries do business.

What is the Paris Declaration really about?

“The primary significance of the Paris Declaration is a change in the power relationship between donors and recipients,” says Jan Cedergren. “The responsibility for development must increasingly be transferred from donors to the recipient countries. Donors have followed their own rules for quite some time, and this has not been beneficial to the developing countries. It is of critical importance that countries take the reins of their own development.

The Paris agenda means greater effectiveness and co-operation for better results,” continues Cedergren. “But effectiveness is not a goal in itself. It is a matter of improving the conditions for poor people. If taken seriously, the Paris agenda will produce a paradigm shift in development assistance. The work will be quite different if the power is transferred from donors to recipients.”

Doesn’t everyone take it seriously?

“It’s easy to sign declarations and attend conferences,” Cedergren states. “Implementing what has been agreed on is another matter. After all, the whole idea is to bring about change at the country level.

These issues are not obvious for all donors. Not everyone sees that we must work via the recipient country’s budget and reporting systems, adapting ourselves to them. We must move away from the imposition of conditions and instead produce contracts where we agree on the results we want to achieve together. That’s the essence of mutual accountability.

Progress has been made. Developing countries are strengthening their development strategies and donors are improving their support for country-owned processes, co-ordinating better and harmonising their activities. But there are still bottlenecks. Three

international conferences in 2008 will help address outstanding issues and accelerate the pace of change: the United Nations MDG Summit in New York, the Financing for Development follow-up meeting in Doha and the High Level Forum in Accra. Accra will lead the way, allowing people to draw their own conclusions as to whether governments are following through on the commitments they have made.

It is difficult to show major progress and there is a risk of a 'betrayal debate' breaking out. This is why it is fundamental that donors at the Accra conference create credibility for their actions by showing that they are prepared to take certain steps forward," says Cedergren.

What else will be leading the debate at Accra?

"An issue for discussion at Accra is the changing development landscape: aid is not the same as it was in 2005," Cedergren continues. "A number of new, major actors have entered the arena – including large foundations like the Gates Foundation, the Hewlett-Packard Foundation and others – that give large sums of money to particular issues, such as HIV/AIDS. Then there are donors outside of the DAC circle, such as China, India, Brazil, Mexico, the Arab countries and others. They must be included in discussions on international co-operation.

Previously, the OECD countries had a monopoly on aid. Now they have competition from other actors. Partner countries can choose China in preference to the OECD or the World Bank. We have a totally new situation. The time is right for donors to show that the donor community in the OECD is an attractive alternative.

In addition, civil society and non-governmental organisations have an increasingly important role to play, and they have been active in the planning process for Accra. They seek recognition as actors in their own capacity and wish to contribute on the basis of their own principles.

More than 300 civil society groups have been involved in consultations in the lead up to the Accra meeting. This type of involvement is critical to making development – and aid – effective. Taxpayers in donor countries have a right to demand quality public expenditure, as well as responsible management of aid funds. Citizens and parliaments in developing countries are entitled to hold their governments to account for the way they use aid – and for ensuring that it translates into real improvements in their lives."

Will it succeed?

"Change occurs in small steps," says Cedergren. "It depends on the will of the large actors to move ahead. Many 'like-minded' countries are prepared to do so, while other large actors are not so eager. A consensus must be found. This will involve compromises as opposed to grandiose results.

But I am an optimist," he concludes. "I believe that results can be achieved. Opportunities exist. It's just a question of seeing them."

Also in this issue...

DAC Peer Reviews



Luxembourg: A generous and committed donor

The recent [peer review of Luxembourg](#) spotlighted this country's rise in aid: in real terms, it has grown by almost 12% over the past few years. Luxembourg has also promoted international efforts to strengthen the quality and increase the volume of aid. The DAC encouraged this country to develop a forward-looking policy statement that addresses how it will implement the aid effectiveness agenda, including how it will make more use of partner country administrative systems and engage in riskier development co-operation such as co-operation in fragile situations. The review also found that a communication strategy on aid effectiveness would help to demonstrate the improved development results being achieved, building public support for a programme that takes more risks.



France: A key player in development co-operation

French official development assistance was USD 9.94 billion in 2007, ranking this country third among DAC member countries in terms of aid volume. In its recent [peer review of France](#), the DAC invited this country to continue to enhance the impact of its aid and the efficiency of its system. In particular, the country's close ties with many partner countries and its ability to combine multiple tools in support of development were noted. The DAC also encouraged France to reinforce its strategic approach to development co-operation and ensure that its resources and instruments are guided by a clear policy, with a primary focus on combating poverty. In particular, greater geographic concentration on the least developed countries was encouraged.

What is a [Peer Review](#)?

News in brief

MDG3 torch campaign and call to action to advance the achievement of MDG3 – gender equality and women's empowerment

On 21 May, Gunilla Carlsson, the Swedish Minister for International Development Co-operation presented MDG3 champion torches to the OECD's Secretary-General, Angel Gurría, and to the Chair of the Development Assistance Committee, Eckhard Deutscher. The presentation was part of the Danish government's [MDG3 Global Call to Action](#). The aim of the campaign is to increase international support and investments in the achievement of MDG3 – gender equality and the empowerment of women. 100 MDG3 torches are travelling the world. Recipients, representing governments, the private sector, international organisations and civil society, have all committed to "do something extra" to support gender equality and women's empowerment. The last torch will be presented to UN Secretary-General Ban Ki-moon on 25 September.

DRC hosts preparatory meeting for HLF3 Round Table on Situations of Fragility and Conflict

The Democratic Republic of Congo (DRC) hosted an event in Kinshasa on 1-2 July to prepare for the [Round Table discussions on fragility and conflict](#) at the High Level Forum in Accra. The meeting brought together a dozen donor representatives as well as government and civil society participants from over ten countries, including Afghanistan, Nepal, East Timor, Burundi, Sierra Leone, Central African Republic, Liberia and Sudan. This meeting was designed to bring together developing country and donor perspectives on aid and development effectiveness in situations of fragility and conflict, including the interrelation between security, development and political issues. By advancing the consensus on the main issues for discussion at Accra, the participants worked to strengthen their input to the commitments that will be made in Accra.

Strengthening country ownership

At the [Second Annual Plenary of the OECD Global Forum on Development](#) (Paris, 20 May), high-level policy makers from official donor agencies and civil society representatives reflected on how to strengthen country ownership of development policies. The objective of the event was to help guide discussions on ownership at the Third High Level Forum on Aid Effectiveness. Discussions focused on the predictability of aid, the controversial issue of conditionality, the challenge of developing capacity for budgeting and the need to "broaden" the concept of ownership to include actors outside government.

Capacity development workshop

Advocates of capacity development as a cornerstone of today's development co-operation met at a workshop sponsored by the German government on "[Capacity Development: Accra and Beyond](#)" (Bonn, 15-16 May). The strong Bonn Consensus which emerged from this workshop was approved unanimously by its participants. The conclusions of the workshop have been reflected in a report submitted to the organisers of the Third High Level Forum in Accra. Subsequent to this event, the DAC will issue a capacity development strategy for the years 2009-2010, building directly on the Accra Agenda for Action.

The Arusha Statement on procurement

The third meeting of the OECD/DAC Joint Venture on Procurement meeting took place in Arusha, Tanzania, from 5-7 May. Hosted by the Public Procurement Regulatory Authority of the United Republic of Tanzania in collaboration with the African Development Bank, this meeting brought together procurement professionals and development practitioners from multilateral and bilateral development organisations and developing countries around the world. Improvements in the quality and performance of public procurement systems are essential to increase aid effectiveness in line with the Paris Declaration. The participants issued a [statement](#) in which they agreed to "continue to work collaboratively within a growing, welcoming membership structure as equal members of an international forum focused on learning and sharing best procurement practices."

New publications

[Reaching our Development Goals: Why Does Aid Effectiveness Matter?](#) This booklet explains the reform effort embodied by the Paris Declaration on Aid Effectiveness in its most accessible form ever.

We're in this together. The global nature of our most pressing environmental problems and economic globalisation require enhanced international environmental co-operation. This is the subject of this article by OECD Secretary-General in the [May 2008 issue of World Conservation, the IUCN magazine](#).

[Service Delivery in Fragile Situations: Key Concepts, Findings and Lessons.](#) In fragile situations, the state often fails to provide core services such as health, education and water to the poor and, at times, may not be seen by parts of the population as a legitimate provider of security and justice. This publication identifies the challenges and dilemmas the international community and its partners face in delivering services in fragile situations and offers practical guidance on how to overcome such challenges.

[Effective Aid Management: Twelve Lessons from DAC Peer Reviews.](#) Peer reviews have brought many issues in aid management to the attention of the Development Assistance Committee. This report brings together twelve key lessons learned or reconfirmed over the past five years – in strategy, organisational management and delivery – on how to achieve development results.

[Evaluation of the Implementation of the Paris Declaration:](#) Synthesis Report. This evaluation assesses the relevance and effectiveness of the Paris Declaration, its contribution to aid effectiveness and ultimately to development effectiveness. It considers qualitative aspects, building on - and complementing - the quantitative information obtained through the monitoring of the Paris Declaration. It also helps to answer questions such as: how did it happen; why does it work or not work; and what are the reasons?

[Statement of Progress on Integrating Climate Change Adaptation into Development Co-operation.](#) The

annual DAC High Level Meeting held in May endorsed a Statement of Progress on Integrating Climate Change Adaptation into Development Co-operation. The Statement aims to highlight the progress achieved by DAC donors in building climate change adaptation into their operations and outlines key challenges for the future.

Policy Statement on Strategic Environmental Assessment. This Policy Statement was also adopted by members of the DAC High Level Meeting. This tool, which is being applied by many donors and partners, will improve policy making and planning by incorporating environmental considerations into high-level decision making and by opening new mechanisms for intergovernmental and societal dialogue to reach consensus on development priorities.

OECD Ministerial Declaration on Policy Coherence for Development. At their meeting on 4-5 June 2008, OECD Ministers adopted this Declaration which is significant in many ways. At a critical moment of globalisation it reinforces the point that policy coherence for development is a key component for promoting development and responding to global development challenges. Aid remains an important driver of poverty reduction, but to accelerate progress the Ministers reaffirmed their commitment to continue efforts to ensure that development concerns are taken into account on issues that go beyond aid. The Declaration confirms that in areas such as economic and financial policies, trade, agriculture, migration, environment and science and technology, coherence is necessary, and notes - for the first time in the OECD context - areas such as energy and security.

OECD DAC countries' ODA in 2007

USD 103.7 billion - down 8.4% since 2006 in real terms
0.28% of combined GNI

OECD [DAC Statistics](#) including Aid at a Glance charts for [DAC members](#), [recipient countries](#), and [by region](#).

About Us

The [OECD-DAC](#) is the main global forum where bilateral donors, alongside multilateral donors, work together to achieve real development progress for poorer countries.

Inside the DAC. What is the DAC? How does it function? This brochure will give you all the answers.

More information about [OECD Development work](#).

DAC job opportunities

The Paris-based OECD DAC Secretariat is recruiting for the following positions:

- Counsellor for Aid Architecture and Financing – ref. 2785, closing date for applications is 14 August 2008
- Policy Analyst – Multilateral Aid – ref. 2780, closing date for applications is 15 August 2008
- Junior Statistical/Policy Analyst – Aid Architecture, ref. 2760, closing date for applications is 17 July 2008
- Senior Policy Analyst – Peer Reviews – ref. 2768, closing date for applications is 23 July 2008
- Policy Analyst – Peer Reviews – ref. 2767, closing date for applications is 23 July 2008

For more information on these vacancies and how to apply, please go to [OECD job vacancies](#).

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