

## Special edition: From Accra to action

An enormous amount of work and commitment went into preparing the [Third High Level Forum on Aid Effectiveness \(HLF3\)](#), which took place in Accra, 2-4 September. This special issue of DACnews reports on the HLF3 – what it took to make it happen, the important decisions and agreements made there, and one of the highlights of the event: the recording of a special BBC World Debate, live in Accra.



The smiles speak for themselves: a successful and productive HLF3.

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### Go directly to:

- [The HLF3: Making it happen](#)
- [What the surveys are telling us](#)
- [A new agenda for action](#)
- [BBC World Debate](#)
- [Feature article](#)
- [News in Brief: The HLF3 Roundtables](#)
- [A selection of key publications tabled at Accra](#)

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## The HLF3: Making it happen

The first HLF (Rome, 2003) brought the major donors of official development assistance (ODA) together to follow up on the [Monterrey Consensus on Financing for Development](#) by improving the role of development assistance in achieving the MDGs. The Rome meeting laid the ground for the second HLF (Paris, 2005) and the endorsement of the [Paris Declaration on Aid Effectiveness](#), a definitive prescription for improving aid's impact on development.

The Accra HLF represents the next step: a stock-taking two years before the 2010 due date for meeting the Paris Declaration targets. The preparations for the HLF3 broadened and reinforced the partnerships behind the Paris Declaration, consolidating the input of developing countries, donors of ODA, hundreds of civil society organisations from around the world, non-traditional donors, global funds and middle-income countries.

The preparatory process was driven by developing countries. A Contact Group of representatives from 15 African, Asian, Latin American, Caribbean and Middle Eastern countries – co-ordinated by Ghana – brought strong and coherent developing country input into the consultative process. In addition, over 70 developing countries took part in five roll-out workshops held in Asia-Pacific, Africa and Latin America and 54 countries collected national data for a monitoring survey to measure implementation of the Paris Declaration.

The results of this intensive and collaborative process were evidenced by the extraordinary turn-out for the Accra HLF: over 1700 participants, including more than 100 ministers and 80 civil society representatives. The high-level engagement at Accra will help to sustain the political will needed to implement the fundamental changes subscribed to in the [Accra Agenda for Action](#).

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## What the surveys are telling us

The backbone to the decisions made in Accra is the 2008 Monitoring Survey. The data collected dug deep and mirrored the state of play on aid effectiveness, allowing donors and developing countries to pinpoint common challenges and identify the actions needed to meet the 2010 targets, agreed in the Paris Declaration.

The first survey to monitor results and progress – completed in 2006 – established a baseline. The [2008 Survey on Monitoring the Paris Declaration](#) offers a mid-point assessment of how donors and partners are measuring up to their commitments.

Fifty-four countries signed up and delivered data for the 2008 survey – twenty more than in 2006. This increase underlines a strong commitment by governments across the world to engage in the aid reform effort.

The benefits of the 2008 survey were felt at the Accra High Level Forum. The cross-country and cross-donor data collected provided the means to assess the state of play on aid effectiveness, allowing donors and developing countries to pinpoint common challenges and identify the actions needed to meet the 2010 targets. But beyond the statistical analysis itself, the survey promoted dialogue among governments, donors and other stakeholders as they scrutinised aid practices at the country level. In doing so, it helped partner countries to recognise and work on common challenges and led to a shared vision of what is needed to reform aid.

The results of the 2008 survey show that progress is being made across all indicators and that change is possible when there is strong commitment. Thirty-six per cent of the countries surveyed have improved the quality of their public financial management systems, aid untying has progressed, and donors are getting better at aligning their programmes with country needs and at harmonising activities among themselves.

Yet despite progress in these areas, the survey clearly shows that there is still much to be done to reach the 2010 targets. For instance, while countries have significantly improved their systems, donors – on the whole – have not responded by increasing the use of these systems. Developing countries still need to work on making their development strategies operational, and to develop sound frameworks for monitoring

their results.

Furthermore, there are still high transaction costs associated with aid – in particular, inordinate numbers of donor missions and reports make it difficult for country authorities to focus on delivering better results. In 2007, donors made more than 14 000 visits to the 54 countries that took part in the OECD survey; Vietnam alone received 752 missions. Finally, the lack of predictability of aid flows makes it difficult for countries to plan; the Survey shows that in 2007, only 46% of aid flows were disbursed according to schedule.

All of this sent a clear message to the participants in the Accra HLF: meeting the targets and living up to commitments will take a focused and determined effort.

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## A new agenda for action

The [Accra Agenda for Action](#), or AAA, is much more than the output of a meeting. It is the product of an unprecedented alliance of development partners, including developing and donor countries, emerging economies, UN and multilateral institutions, global funds and civil society organisations.

The AAA was developed over months of extensive and inclusive consultation and deliberation, and the final product embodies unparalleled consensus around what is needed to improve aid effectiveness. Built on solid evidence, it lays the foundations for a reinforced approach to achieving the MDGs by 2015.

Through the AAA, donors and developing countries have committed to taking – immediately – a series of concrete steps to accelerate achievement of the Paris Declaration commitments. They have agreed to focus on:

- strengthening country leadership of development programmes
- investing in human resources and institutions
- effective use of country systems
- transparency about aid plans and aid use
- establishing a new spirit of aid conditions
- reducing aid fragmentation at all levels – and thereby the associated management costs
- further untying aid
- increasing accountability for results, especially in terms of gender equality, human rights and environmental sustainability

Immediate action on these objectives implies pushing the frontiers of best practice, bringing new partners into the consensus, learning from others and changing all stakeholders' behaviour. Achieving this will require strong and high-level political will.

Governments must allocate the human, financial, technological and natural resources available to them in a way that will truly make a difference in people's lives. More than a matter of how many clinics are built, it is a question of whether citizens' health has improved; not how many schools are constructed, but how many girls and boys are equipped to contribute meaningfully to society. Providing these results can only happen if there is a real commitment in word and deed.

The AAA is about changing the way the partners in aid do business, so as to enable developing countries to make major advances toward their own development goals – to promote growth and attract investment. Countries like Ghana – on track to achieve middle-income country status by 2015 – are paving the way. The AAA will help other countries to follow.

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## BBC World Debate

Delegates to the HLF3 had a unique behind-the-scenes view of the world of broadcasting when they attended the recording of a special BBC World Debate on trade, investment and aid effectiveness in Africa. The debate was produced in association with the BBC World Service Trust and sponsored by the OECD Working Party on Aid Effectiveness to focus attention on the important issues being discussed at the Forum. The high-level panel – brilliantly moderated by BBC anchor Zeinab Badawi – included Angel Gurría, OECD's Secretary General; Ngozi Okonjo-Iweala, Managing Director of the World Bank; Anthony Akoto-Osei, Ghanaian Minister of State, Ministry of Finance and Economic Planning; Stefano Manservigi, Director General for Development of the EC; Oh Joon, South Korea's Deputy Foreign Minister; and Kumi Naidoo, Honorary President of CIVICUS. *Investing in Africa: What works?* will be broadcast Saturday 11 October at 0710, 1510 and 1910 GMT, as well as Sunday 12 October at 0010 GMT. Check the [BBC website](#) for local air times in your area.



James Deane of the BBC World Service Trust presents the World Debate on *Investing in Africa – What's Working?*

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## Feature article

By H.E. John Agyekum Kufuor, President of the [Republic of Ghana](#)

### ***Excerpts from the opening address of the Ministerial Day of the HLF3, 4 September***

Ladies and Gentlemen, kindly permit me to express my heartfelt thanks to all of you for coming to Ghana to contribute to this Forum and, hopefully through it, the betterment of the developing world. Your participation strongly reaffirms the commitments you made at previous meetings on aid effectiveness, first in Rome in 2003 and then in Paris in 2005.

The driving force of shared humanity behind these conferences shows that the concept of development partnership has attained critical acceptance as a major vehicle to enhance aid effectiveness in recipient countries. Such countries should be empowered to play proactive roles in the rapidly emerging global village of interdependence. This Forum must, therefore, work to remove the systemic indignities of permanent aid through social and economic empowerment of the recipient countries.

Already, the global aid architecture is changing, transforming relations between developed and developing nations. Both sides are encouraging recipient nations to take ownership of focused country development plans, aid policies and strategies, and other frameworks to ensure that aid supports their development priorities. These trends are increasingly evident from the experiences of nations like Tanzania and Cambodia, which show clearly that gains in aid effectiveness and in development outcomes are closely linked with sustained consultations between donors and recipients on country programmes. Of course, competent leadership and stable and accountable political and economic governance systems are crucial for the success of the process.

In these countries, the role of aid in national development and the mechanisms for accountability are clearly defined, while relationships with development partners are closely monitored within a government-led mutual accountability framework.

I am happy to say that Ghana is yet another example where development assistance has been used to stabilize the national economy, to move from a status of poverty onto a trajectory of sustained long-term growth. Ghana is closer than most developing countries to reaching the Millennium Development Goals. Already, the minimum daily wage has gone past the target of USD 1. Our Free and Compulsory Universal Basic Education is on course. In addition to health care through a National Health Insurance Scheme, pregnant women enjoy free child-delivery, thus ensuring maternal health care. The creation of a Ministry of Women and Children's Affairs, and the signing of a host of UN protocols in favour of women and children, are indications of our government's commitment to ensuring that their concerns are mainstreamed into policies for national development.

The development partners are aware of this trend and they should feel proud that their support has been productive in enabling Ghana to graduate from an ODA status to IDA status according to the World Bank's ranking system.

The good news is that even in fragile states, with strong and committed leadership there are examples of remarkable progress on aid effectiveness and development. We learn, for example, that Liberia, a country that has just emerged from the throes of war and destruction, has completed the first phase of its Poverty Reduction Strategy in one year and is about to start the second phase. This demonstration of strong and committed leadership, which is carrying along the citizenry, deserves urgent support from development partners.

The message from these success stories is that aid should be used chiefly to assist with capacity building in recipient countries, both in terms of human resource development and in the creation of infrastructure to improve productivity. The self-confidence and "can-do" spirit that are unleashed from such developments are what aid effectiveness must be about.

Many recipient nations have established frameworks for financial monitoring and accountability and procurement processes. Our partners should demonstrate their commitment by matching such efforts with increased support and goodwill. This support should be made manifest in the timely release of resources for critical programmes in shared country plans. Delays in the implementation of programmes that have been bought into by society frustrate expectations and tend to cause political disenchantment and render governments – especially democratically elected leadership – vulnerable.

Harmonization of development assistance in alignment with approved country development programmes is one way of improving disbursements from donors. In Ghana, multi-donor budgetary support funds form an integral part of expected receipts in the formal Budget Statement issued yearly by the Minister of Finance to Parliament. Indeed, in the face of multiple donors, harmonization of assistance reduces the strain and the sometimes costly burden on the recipient country of dealing with donors individually.

Considering that aid should help to develop capacity, participants should support the trend of strengthening the private sector in the recipient nations. The mantra is that this sector is "the engine of growth". So it must be helped and freed to become! It should be the destination of foreign direct investment and also the source of entrepreneurship to venture into the international market as the economy gains

strength.

Permit me to emphasize, once again, that in the long run, aid is not only to help recipient nations build the capacity to overcome poverty, but also to develop the economic muscle that will make them worthy investment partners internationally. That should be the underpinning spirit of this Forum.

I hope that this Forum moves straight into action. As in the words of the Accra Agenda for Action, today we have an opportunity to reach for "... a future based on a shared commitment to overcome poverty, a future where no countries will depend on aid". I urge you sincerely to seize this opportunity.

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## News in Brief: The HLF3 Roundtables

### RT 1. Country Ownership

The conversations during this roundtable centred on democratic accountability and the quality of policies and systems. There was broad agreement that parliaments, local governments, civil society, the media, research institutes and private sector organisations must be more deeply involved in elaborating development policies; that capacity building of all actors is critical; and that aid information should be accessible and transparent.

Participants agreed on the need for a systematic approach to capacity building, supported by demand-driven technical co-operation involving South-South and triangular co-operation. On the topic of conditionality, some participants argued that it limits ownership; others felt, however, that linking important principles such as gender equality, human rights and democracy to aid frameworks would promote ownership. In any case, it was established that conditions must be mutually agreed, they must be key to country policies, and they must be limited in number.

### RT 2. Alignment: Use of country systems, untying aid, aid predictability

There was strong consensus during this roundtable that achieving results in alignment is key to achieving results under all of the other Paris Declaration principles. It was also clear that progress toward alignment has been limited and much more work is needed to address the asymmetries in the donor/developing country relationship.

Panellists noted that applying the Paris principle on alignment requires building a relationship of trust based on mutually agreed principles and results. Noting the current lack of progress in using country systems, despite a significant increase in the quality of these systems, it was agreed that donors should make a real commitment to use country systems when they are of a good quality. Partner countries, at the same time, should continue their efforts to strengthen their national systems.

Making aid more predictable and aid modalities were key elements of the discussion, which concluded that decisions on which aid modalities are best suited to specific programmes should be taken jointly by developing countries and donors. Moving forward on this agenda requires not only technical commitments, but political ones as well.

### RT 3. Harmonisation: Rationalising aid delivery, complementarity, division of labour

Participants agreed that fragmentation reduces aid effectiveness; that international good practice principles are necessary for the implementation of division of labour; and that partner countries should take the lead in determining the direction and levels of donor assistance.

The need to better manage division of labour includes improving capacity for aid

management among both donors and developing countries, as well as having a political framework within which to discuss and address division of labour. This is all the more significant with the growing number of vertical funds and new non-DAC providers of development assistance.

The roundtable discussions also focused on cross-cutting issues. There was general agreement that benchmarking and peer review processes were needed to enable governments and donors to be accountable for their commitments on these issues. These should be integrated as goals in their own right within harmonisation efforts. Capacity to undertake assessments on human rights, gender equality, and environmental sustainability should be strengthened, including the development of relevant statistical systems.

#### **RT 4. Managing for development results**

Managing for development results (MfDR) in the Accra roundtable was not viewed simply as a management process (e.g. indicators) and a matter of economic development, but rather as a change process, including political factors. The role of citizens' rights (human rights, gender rights, etc.) was stressed.

The roundtable discussions centered on the failure to apply MfDR throughout country systems (planning, budgeting, reporting, and auditing treated as discrete rather than linked MfDR exercises); the lack of incentives for MfDR; and the lack of conceptual clarity and communication.

Credible monitoring must not only be independent and transparent but its findings (performance of both countries and donor agencies) must also be reflected in budget allocations and disbursements. Political will, conducive policy environments, champions and change agents, capacity enhancement and South-South peer learning were viewed as essential.

#### **RT 5. Mutual accountability**

Mutual accountability remains the least understood element of the aid effectiveness agenda and the one on which least progress has been made. It comprises shared responsibilities and answerability of governments and donors to domestic stakeholders, and to each other, for their actions in development co-operation.

Central to the discussion were the roles and capacities of parliaments, civil society and the media as accountability mechanisms, as well as the importance of independent reviews of mutual accountability arrangements.

Participants identified critical steps for the future: strengthening the role of developing countries and recalibrating the balance between them and donors; localizing aid policy; improving government capacity; heightening the transparency and predictability of aid flows; improving the quality of the data that inform development decisions; and respecting and supporting local accountability structures, which already exist in most countries but are too weak.

#### **RT 6. The role of civil society in advancing aid effectiveness**

RT6 built on the work of the Advisory Group on Civil Society (AG-CS), a multi-stakeholder group reporting to the WP-EFF, which engaged in an extensive consultation process, analytical work, and preparation of case studies to provide practical guidance. The work of the AG-CS has increased recognition and understanding of civil society's many roles, as well as of the importance and value of civil society organisations (CSOs) as development actors in their own right and as aid recipients, donors and partners.

The roundtable's three objectives were to:

- consolidate understanding and recognition of the roles that CSOs can play in

- development and in advancing the aid effectiveness agenda
- discuss action to promote CSO effectiveness
- develop a sense of momentum around a forward agenda for multi-stakeholder dialogue and action

Practical examples of CSO involvement were discussed, as well as issues and obstacles (e.g. accountability, legitimacy, capacity). Solutions were proposed to ensure that the contributions of CSOs to aid effectiveness achieve their full potential.

Future lines of work will include:

- providing a more enabling environment for CSOs, including appropriate models of donor support
- enhancing capacity development and strengthening civil society at the country level
- strengthening partnership among CSOs (North-South, South-South, global networks, national umbrella organisations, etc.)
- supporting for the independent CSO process on CSO development effectiveness
- preparing for CSO engagement in the HLF4 and ensuring that a multi-stakeholder perspective on CSO effectiveness is a major theme

#### **RT 7. Aid effectiveness in fragile states and conflict situations**

The DAC [Principles for Good International Engagement in Fragile States and Situations](#) complement the Paris Declaration by providing a framework for aid effectiveness in these challenging environments.

Donors must adopt a flexible approach in these situations, taking risks and grasping opportunities. They must staff their field operations better and empower local decision-makers. Priorities for action include the establishment of systematic monitoring of progress, state building and peace building, with the serious engagement of parliaments and civil society throughout.

It was agreed that monitoring of the DAC Principles should start immediately (with Afghanistan, CAR, DRC, Timor Leste and Sierra Leone as volunteers). A process to agree on international objectives for state building and peace building was launched, with support from the DAC Secretariat and possibly the UN Peacebuilding Support Office. The examination of financing issues for fragile situations, including in the early recovery phase, will continue. And finally, to address the serious issue of coherence among international actors (particularly among the "3 Ds", the development, diplomacy and defense communities), the government of Switzerland will host a meeting of senior officials in Geneva (March 2009). The need to act fast, and to be committed and accountable was stressed.

#### **RT 8. Sectoral application of the Paris Declaration: Health, education, environment, agriculture and infrastructure**

Examples of the positive effects of the Paris Declaration were reviewed. In education, for example, results have dramatically improved thanks to more streamlined procedures, improved planning processes, better budgetary frameworks, country-based implementation tools and structures to guide the dialogue among all stakeholders (including local governments, professional organisations, CSOs and private enterprises).

A sector-wide approach brings coherence, weighs trade-offs, and takes into account cross-sectoral and macroeconomic factors. It can be supported by different modalities, depending on the situations and objectives. Yet pooling of resources and co-ordinating donor requirements are critical to reduce transaction costs.

Managing complexity is the key challenge, because of the multiplicity of actors. Country



policies, structures, and systems need not be perfect – they need to be good enough to be used, and can be strengthened through that use.

### **RT 9. Implications of the new aid architecture for aid effectiveness: South-South partners, vertical funds**

Discussions focused on non-DAC providers of development assistance and on global programmes and vertical funds. Opportunities as well as challenges arise from the existing diversity of sources of funding and approaches, for instance:

- More traditional donors may leave certain sectors without sufficient funding.
- Non-DAC donors may assist in these sectors, but their aid can be tied, they may not engage in donor coordination mechanisms, and they may use parallel systems, thereby weakening partner country systems for managing the delivery of aid in the future.

There was general agreement, however, that these diverse approaches can be complementary.

Flexibility, diversity, and responsiveness were highlighted as desirable in delivering aid. Developing countries must decide and manage new sources of financing to meet their broad national development goals. They must also take the lead in providing a common platform around which all donors can align their support.

The opportunities and challenges of global programmes and new initiatives were outlined. They present opportunities – new and innovative financing mechanisms, mobilisation of long-term financing that reduces predictability challenges, and untied aid. At the same time, however, there are concerns regarding proliferation and fragmentation. The need for mechanisms at the international level to monitor these initiatives was discussed. At the same time, the experience of vertical funds can provide good examples of making aid more predictable and responsive, using innovative mechanisms that include private-public partnerships as well as the implementation of activities through CSOs.

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## **A selection of key publications tabled at Accra**

*2008 Survey on Monitoring the Paris Declaration.* How effective is aid at helping countries meet their own development objectives? The 2008 Survey assesses progress made in 54 partner countries and helps us understand the challenges in making aid more effective at advancing development.

*Progress Report on Implementing the Paris Declaration.* This report is intended to underpin the Accra Agenda for Action with evidence-based material. It covers inter alia the commitments under the five Partnership Principles related to ownership, harmonisation, alignment, results and mutual accountability.

*Report on the Use of Country Systems in Public Financial Management.* A robust public financial management system is vital to a country's development efforts, as well as to the effectiveness of the aid funds that support those efforts. This report takes stock of the development community's achievements.

*Effective Aid: Better Health.* Aid has made a significant contribution to health gains achieved so far. This report argues that greater adherence to the Paris Declaration would accelerate progress still further. As such, health is a litmus test for broader aid effectiveness efforts.

*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.

*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?

*Compendium of Donor Reports on Implementing the Paris Declaration*

*Vol. 1: Summary of Emerging Trends.* This report provides an overview of agency assessments of how far the aid effectiveness agenda has been mainstreamed into their activities and identifies the key advances and challenges ahead.

*Compendium of Donor Reporting on Implementing the Paris Declaration*

*Vol. 2: Donor Self-Assessments.* Individual countries' implementation of core aid effectiveness principles are put under the microscope.

*Managing for Development Results. Incentives for Aid Effectiveness in Donor Agencies: Good Practice and Self-Assessment Tool.* This evaluation underlines the importance of appropriate incentives in influencing managers and officials – and even more importantly political leaders – to reform procedures and strengthen work by management and staff towards harmonisation, alignment and results.

*Advisory Group on Civil Society and Aid Effectiveness: Synthesis of Findings and Recommendations.* This report summarises the main findings and recommendations emerging from the analytical work, multi-stakeholder consultations and case studies of the Advisory Group on Civil Society and Aid Effectiveness.

*Building a New Aid Relationship.* This publication provides an overview of the goals of the Paris Declaration, its underlying principles, the progress that developing countries and the donor community have made together and the challenges that lie ahead.

For more information on Accra, visit the [HLF3 website](#).



To download a poster on aid effectiveness, [click here](#). (Poster is 594 by 841 mm, pdf, 1.54 MB)

**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](#).

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

- Policy Analyst specialised in public procurement and knowledgeable about the procurement policies of bilateral and multilateral development partners and developing countries – ref. 2884, closing date for applications is 12 October 2008

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

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