



House of Commons
International Development
Committee

Working Together to Make Aid More Effective

Ninth Report of Session 2007–08

Volume I



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Effective**

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Report, together with formal minutes

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International Development Committee

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Footnotes

In the footnotes for this Report, references to oral evidence are indicated by 'Q' followed by the question number. References to written evidence are indicated by the page number as in 'Ev 12'.

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Summary

If the millions of people still living on less than \$1 a day are to be lifted out of poverty donors need to provide more effective aid not simply larger quantities of aid. The UK has performed well against almost all of the targets in the Paris Declaration on Aid Effectiveness, the central agreement in this area, but global progress has been patchy and slow. The Accra High Level Forum in September is an opportunity to shine a spotlight on this lack of progress. The UK's Department for International Development should aim to make progress there in two key areas: the division of labour among donors; and developing country ownership of the development process.

The principle of ownership—that the development process should be led by developing countries themselves—is critical to the success of international commitments on aid effectiveness. Aid should be driven by need and demand. DFID should commit to achieving a technical assistance portfolio which is 100% coordinated and demonstrably demand-driven. The Accra High Level Forum should lead to more effective mechanisms to monitor progress against a greater range of targets linked to ownership. DFID must consistently define ownership as a democratic process which fully involves parliaments, civil society and citizens.

Efforts to make aid more effective depend on credible evidence which links particular actions with better development outcomes. Large pieces of this evidential base are missing. DFID must ensure that it is not simply joining a plausible consensus but has done the research to prove to us and, equally importantly, the taxpayer that its approach delivers more effective aid. Without it, DFID is operating on well-intentioned guesswork. Credible monitoring and evaluation of development impact is needed to show objectively that aid can make a difference. DFID should actively support independent and recipient-led monitoring and evaluation initiatives and should submit to—and encourage other OECD donors to submit to—reviews conducted other than by peers.

Cooperation with other donors cannot simply be on DFID's terms. Working with others to make aid more effective requires a certain flexibility of approach. DFID has so far found this difficult to achieve. It needs to reassess its engagement on aid effectiveness with other donors so as to give greater priority to effective coordination over promotion of its own way of working. Joint working between DFID and other donors, and indeed DFID working through other donors, is likely to become a more frequent occurrence. This has implications for the scrutiny performed by this Committee. DFID must work proactively to ensure that we have meaningful oversight of all of its work, however the budget is spent.

The principles contained in the Paris Declaration are as applicable to new donors, such as China, India and Brazil, as to other donors. DFID must seek opportunities to share with new donors its own experience of working towards more effective aid but also to support efforts by developing countries to draw new donors into a recipient-led dialogue on aid effectiveness.

Implementing the Paris Declaration requires some changes in the way DFID operates. Staff buy-in is crucial to the success of any change programme and DFID must ensure its frameworks for assessing staff performance make aid effectiveness targets a priority.

Introduction

1. The budget of the Department for International Development (DFID) continues to rise sharply as the UK works towards the United Nations target of allocating 0.7% of Gross National Income to Official Development Assistance (ODA) by 2015. Under the 2007 Comprehensive Spending Review settlement, DFID's budget will increase to £7.9 billion by 2010–11; an increase of around 36% over the three years. This is a trend which we have repeatedly praised and continue to support. We have also repeatedly made clear, including in the chapter devoted to 'effectiveness' in our Report on DFID's 2007 Annual Report, that DFID must not assume that greater inputs necessarily deliver better poverty reduction outcomes. We embarked on this inquiry as a means to examine how DFID is working with other donors and with developing countries to ensure that its rising budget is spent effectively.

2. We received evidence in this inquiry from 14 organisations and individuals. We also held three oral evidence sessions with experts and civil society representatives, the Chairman of the Development Assistance Committee of the Organisation for Economic Cooperation and Development, the European Commission and Shahid Malik MP, Parliamentary Under-Secretary of State at DFID. We also held an informal meeting by videolink with representatives of the Foreign Affairs Committee of the Swedish Parliament and of the Swedish development agency, Sida.

3. In March 2008 we visited Ghana for discussions with the Ghanaian Government, civil society representatives, public servants, community leaders and representatives, and donor community representatives. In May 2008 we visited Rome, Berlin and Copenhagen to discuss coordination with our European counterparts, governments and civil society representatives. We are grateful to all those who took the time to meet us to share their views and to provide information. We are also grateful to DFID and the Foreign and Commonwealth Office for facilitating these visits.

4. In chapter 1 of this Report we examine the case for concerted action to make aid more effective and the international community's reaction to that case, most notably through the Paris Declaration for Aid Effectiveness. In chapters 2 and 3 we explore two important themes which emerged during this inquiry: developing country ownership of the development process and division of labour among donors. In chapter 4 we look ahead to the next steps for donors and recipients in making aid more effective including prospects for the High Level Forum which will look at these questions in Accra in September.

1 More effective aid

The aid “burden”

5. Developing countries are today dealing with more donors than ever before. While increased donor commitment and money is of course welcome, it also brings with it new pressures for aid recipients. The Overseas Development Institute (ODI) succinctly set out the problem in its evidence:

“The international aid system is a loose aggregation of more than 50 bilateral donors and over 230 international organisations, funds and programmes. The result is high proliferation and fragmentation, with bilateral and multilateral donors, and recipient governments, pursuing multiple agendas for different purposes, leading to poor coordination and high transaction costs.”¹

DFID’s evidence to us outlined what this challenge means for individual developing countries: “The average number of donors per country has grown from about 12 in the 1960s to more than 30 in 2001–05.”² Myles Wickstead of the Open University drew on his own experience to provide us with an illustration of the impact on the administrations of developing countries:

“I think the international community is beginning to understand the burden that aid can put on developing countries, particularly on their finance ministries but also on other departments like health and education particularly, and I am very conscious that even back in the 1990s when I was running British development programmes in East Africa that the Treasury in Tanzania told me that they had 400 donor missions per year. That is just over one a day and these are the people who, essentially, should have been responsible for running the Tanzanian economy and they did not really have time to do that.”³

6. It would therefore appear logical that a more streamlined approach by donors to delivering their aid in coordination with others should have a beneficial impact on international development. As a result, donors and developing countries have paid considerable attention to trying to establish better harmonised and aligned practices and programmes.

The Paris Declaration on Aid Effectiveness

7. In much of the evidence we received, and in the literature more broadly, the Paris Declaration is seen as an important milestone for aid effectiveness.⁴ It was facilitated by the Organisation for Economic Cooperation and Development (OECD) and was endorsed on

1 Ev 87

2 Ev 50

3 Q11 [Mr Wickstead]

4 The Department for International Development (DFID) defines aid effectiveness in its 2007 Annual Report as “a measure of the quality of aid delivery and maximising the impact of aid on poverty reduction and development”.

2 March 2005.⁵ It is an international agreement signed by over 100 Ministers and Heads of Agencies who committed their countries and organisations to achieve better development outcomes from aid. The Declaration commits signatories to five principles:

- **Ownership:** partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions;
- **Alignment:** donors base their overall support on partner countries' national development strategies, institutions and procedures;
- **Harmonisation:** donors' actions are more harmonised, transparent and collectively effective;
- **Managing for Results:** managing resources and improving decision-making for results,
- **Mutual Accountability:** donors and partners are accountable for development results.

These principles have been further divided into 12 indicator targets for 2010. These include, for example, increasing to 66% the amount of aid channelled via programme-based approaches and ensuring that at least 50% of donors' technical assistance is coordinated with others.

8. Much of the evidence we received from civil society in this inquiry acknowledged the central role played by the Paris Declaration in defining and promoting effective aid but also raised concerns about its implementation. Paris is, according to ActionAid, a "useful but limited attempt to deal with persistent problems of aid delivery".⁶ A recent report by the International Civil Society Steering Group for the Accra High Level Forum calls for donors to be held to account for commitments they have made under the Declaration:

"The Paris Declaration contained some important commitments from donors to meet basic standards of aid quality. However, there is reluctance from some donors to be held to account for these commitments. Although targets have been set for individual recipients, donors have resisted setting themselves individual targets for 2010."⁷

In September 2008, Ghana will host a High Level Forum on Aid Effectiveness in Accra, which will assess progress against the Paris principles and targets. We return to prospects for this summit and the next steps for the Paris Declaration in chapter 4.

Monitoring the Paris Declaration

9. In 2006, the OECD undertook a baseline survey of performance against the Paris Declaration targets—the 2006 Survey on Monitoring the Paris Declaration.⁸ The Survey

5 The text of the Declaration is appended to this Report.

6 Ev 61

7 ICSSG, *From Paris 2005 to Accra 2008: Will aid become more accountable and effective?*, page 8

8 www.oecd.org/dac

collected information from 34 developing countries and 55 donors to assess the effectiveness of aid globally and by donor. The Survey concludes that, while there has been progress, much remains to be done in certain areas. DFID told us:

“The baseline Paris Declaration Monitoring Survey found that the Declaration had stimulated an important dialogue at country level on how to improve aid, and that there has been at least some implementation activity in over 60 countries. However, the Survey showed that both donors and partner countries need to accelerate progress if the Paris Declaration targets are to be met by 2010.”⁹

The Survey results for some major donors, including Japan and the United States, show particular weaknesses in reducing transactions costs and in making progress in establishing mutual accountability.

10. The OECD are conducting another survey in 2008 with an enlarged sample of 56 developing countries.¹⁰ The Chairman of the OECD’s Development Assistance Committee (OECD DAC)—the leading multilateral donor co-ordination forum—told us that he expected final results to be available and discussed at the Accra Forum.¹¹ The OECD provided us with a preliminary assessment of the UK from this latest survey: “The data we have on the UK programme is very good and DFID has either met or exceeded targets”.¹² The Parliamentary Under Secretary of State, Shahid Malik MP, told us in his evidence:

“We recognise the Paris Declaration Monitoring Survey as being the most rigorous and internationally-recognised measure of aid effectiveness, and I am very pleased actually that [...] we have either met or are on track to meeting our commitments by 2010.”¹³

11. The Paris Declaration is an important milestone for aid effectiveness. We commend the commitment shown by donors and developing countries to working together to make aid more effective. The UK has performed well against almost all of the Declaration targets and we welcome UK commitment to meet all targets by the 2010 deadline. Global progress, however, has been patchy and slow. We recommend that DFID raise in its discussions with all donors, but particularly the United States and Japan, the urgency of progress against the targets.

The benefits of better coordinated aid

12. Evidence from World Vision suggested that “aid effectiveness should be measured in terms of achieving rights, and reducing poverty, inequality and injustice, particularly for the most vulnerable”.¹⁴ Effectiveness is most clearly proven when linked to outcomes and we will look at the importance of measuring the outcomes of aid in chapter 5. Before

9 Ev 53

10 Q54 [Ms Killen]

11 Q56 [Mr Deutscher]

12 Q50 [Ms Killen]

13 Q99 [Mr Malik]

14 Ev 96

attempting to look at questions of development impact, however, it is worth considering the practical impact on costs.

Transaction costs

13. Transaction costs are the costs other than the money price which are incurred in an economic transaction. These include, for example, time, expenses and fees. Better coordination should mean fewer donors acting independently which in turn should translate to fewer and lower transaction costs for the recipient countries. The International Initiative for Impact Evaluation said in its evidence that “[developing country] governments should no longer need to deal with multiple reporting formats, multiple donor missions on the same subject and so on, freeing up time from aid management for the business of government.”¹⁵ According to the 2006 Survey by the OECD, progress has not been fast enough and “donors will need to work aggressively to reduce the transaction costs of delivering and managing aid.”¹⁶ Sarah Mulley of UK Aid Network told the Committee:

“I think there is a risk with moving [towards more coordinated donor activity] that what ends up happening is that you keep the old modalities and then you layer the new ones on top, and you actually end up in the short term potentially increasing transaction costs. So I think there need to be commitments from donors not just to do new things but also to stop doing old things.”¹⁷

14. During our visit to Ghana, the Ministry of Health told us that it had not noticed a reduction in transaction costs as a consequence of a UK–Netherlands arrangement to coordinate aid to the health sector through a single shared Health Adviser. In contrast, DFID gave us a more positive example:

“Discussions [...] with the Zambian Ministry of Health indicate that they have seen [...] a lowering in transaction costs on the ministry itself, the director of planning talking about 20% for him alone. There is anecdotal evidence out there that it is happening.”¹⁸

While anecdotal examples are interesting illustrations of donor practice in action, they do not provide the concrete evidence of the benefits of coordinated aid that we seek. We asked the Minister for such concrete evidence and he told us:

“In all honesty I am not aware of any statistic [...]. It is a really interesting question; I am not sure if we could carry out some kind of research that might get to the bottom of that but it would be interesting. [...] There is a long way to go and we need the evidential base to give you more confidence that we are having an impact and we are lowering transaction costs in the way that you described.”¹⁹

15 Ev 76

16 OECD, *2006 Survey on Monitoring the Paris Declaration*, page 11 (www.oecd.org/dac)

17 Q 11 [Ms Mulley]

18 Q 156 [Mr Hammond]

19 Q 114

15. **That transaction costs should come down as a result of better donor coordination is a plausible assumption. We would, however, like to see some hard evidence to prove this. Without it, DFID is operating on guesswork. We recommend that DFID programme the research necessary to provide the evidential base which links DFID's inputs in terms of coordinating with other donors to the outputs of lower transaction costs for the recipient country. This should provide the platform for the additional effort necessary if DFID is to respond positively to the OECD's recommendation that donors need to "work aggressively to reduce the transaction costs of delivering and managing aid".**

DFID's promotion of its own model

16. The OECD DAC conducts periodic Peer Reviews of the development assistance delivered by its donor country members. The DAC's most recent Peer Review of the UK acknowledges UK leadership on aid effectiveness. It notes DFID's "coherent and well-organised approach" and that the "UK is currently seen by many aid practitioners and donors as one of the bilateral models for today's evolving world of development cooperation."²⁰ The Review does, however, note some areas of weakness, including that "implementation of the aid effectiveness agenda is not consistent across all of DFID." The Review also raises concerns that DFID is perceived to be championing its own approach rather than promoting harmonisation:

"DFID enthusiasm for certain initiatives is not always shared by other partners and British advocacy can be perceived as promoting DFID's own model rather than leading and encouraging complementary donor action. [...] As DFID influences international partners toward common approaches, it should seek to strike a balance between its interest in promoting aid reform and in leading donor harmonisation efforts."²¹

In his evidence in this inquiry, the Chair of the DAC, Mr Deutscher, expanded on this point:

"Maybe when a climate is created that is too pushy it does not stimulate more cooperation. In my view the concept of, engagement in and effectiveness of aid management—what DFID provides—should not be reduced or diminished, but maybe some educational role or intention would be very fruitful."²²

We asked the Minister about DFID's approach and the balance between promoting its own model and working towards effective coordination. He told us:

"On occasions we may well have been a bit more confident perhaps than we ought to be about some of the models and the mechanisms that we use, but we are a learning

20 OECD, *Review of the Development Cooperation Policies and Programmes of the United Kingdom*, 2006 (www.oecd.org/dac)

21 OECD, *Review of the Development Cooperation Policies and Programmes of the United Kingdom*, 2006 (www.oecd.org/dac)

22 Q 46

organisation and we are actually keen, where we believe that aid is being used effectively, in actually trying to influence other donors and the like.”²³

17. We are pleased to see that the Peer Review carried out by members of the Development Assistance Committee of the Organisation for Economic Cooperation and Development is broadly positive about DFID’s performance on aid effectiveness. Where DFID is a leader, it is right that it promotes its achievements. We agree, however, with the Chairman of that Committee that taking this a step further—being “pushy”—does not stimulate cooperation. Cooperation cannot simply be on DFID’s terms. Working with others to make aid more effective requires a certain flexibility of approach which DFID has so far found difficult. We recommend that DFID reassess its engagement with other donors on aid effectiveness so as to prioritise effective coordination over promotion of its own model.

2 Ownership

18. The Paris Declaration defines ownership as “partner countries exercising effective leadership over their development policies and strategies and coordinating development actions.”²⁴ Christian Aid’s submission identifies a link between ownership and the successful implementation of development policies: “the current development consensus is that countries are more likely to implement a policy if they ‘own’ it”.²⁵ Given this consensus, it is understandable that ownership is one of the five key principles in the Paris Declaration. Indeed in evidence from Mr Tujan of the International Civil Society Steering Group and the Reality of Aid Network we were told that it is the “over-arching” and “most fundamental” principle of the five.²⁶ Other non-governmental organisations (NGOs) that submitted views to us also gave great weight to the concept. The OECD agreed:

“It would be a big error to think that donor countries can organise development; no, they are supporters. The donors can support and help but they have to listen.”²⁷

DFID’s evidence says that ownership is a key aspect of its approach to aid effectiveness:

“Partner country ownership is important because, while aid can contribute to poverty reduction, it will never alone be the solution to global poverty. However good individual aid programmes may be, the prosperity of citizens will be affected more by the actions of their own governments and the effectiveness of the state in which they live.”²⁸

19. The five Paris Declaration Principles are divided into 12 indicator targets to be measured nationally and monitored internationally. Of these targets, one is linked to measuring ownership. The 2006 Survey on Monitoring the Paris Declaration focuses on eight of the 12 indicator targets but these do not include the single indicator to measure progress against the ownership principle. The OECD explained the background to the choice of targets in the Survey:

“Certainly, the Survey can be criticised because if any of us started with a blank sheet and wrote out how we would monitor aid effectiveness we would not come up with the Survey that we have, but it was in part driven by a partnership. This is something that the partner countries and donor countries could sign up to; and it was also crucially driven by what could be measured.”²⁹

The Minister commented on the monitoring process for the Paris Declaration:

24 See Appendix

25 Ev 71

26 Q 37

27 Q 66

28 Ev 48

29 Q 54

“Paris is not perfect; it was probably the best that was available at the time [...] If you cannot measure a target then there are going to be question marks about what it actually means in real terms, both for the donor and the partner country.”³⁰

20. It is anomalous that the Paris Declaration places so much emphasis on ownership as central to effective development and yet the process set up to monitor the Declaration places so little emphasis on it. We understand the argument that ownership is one of the more difficult principles to measure. Three years on from the Paris agreement, however, the principle of ownership seems to us to be more rather than less critical to the success of international commitments on aid effectiveness. It is therefore imperative that DFID work to agree more effective mechanisms at or following the Accra High Level Forum to monitor progress against a greater range of targets linked to ownership.

Democratic ownership

21. One of the difficulties associated with measuring ownership is the debate around how broadly the concept should be applied. For example, UK Aid Network said in its evidence that the term ownership is often used by donors to mean central government ownership or “maybe just Ministry of Finance, maybe just three people in the Ministry of Finance”.³¹ ActionAid’s submission says that the Paris Declaration is, in itself, very focused on governments: “The Paris Declaration has a strong focus on governments widely ignoring the role parliaments and civil society should play in any discussion on aid.”³²

22. We discussed the definition of ownership with the Minister. He said:

“I do not think there is a precise definition that would give anybody satisfaction; in terms of ownership the fact is that we will be aware of what the government policy is in certain sectors and our job is to work with the governments in those sectors to support the vision and the plans that they have for their country.”³³

23. As part of this inquiry, we exchanged views with our Swedish parliamentary colleagues and the Swedish development agency Sida. Sida has substantially reduced the number of countries in which it engages in bilateral aid programmes. It has also reoriented its programme in the last two years to acknowledge explicitly that “poor people are actors, not passive recipients”.³⁴ It is this sort of approach that a report on prospects for the Accra Forum by the International Civil Society Steering Group suggests should underpin a re-appraisal of the concept of ownership:

“Country ownership of development programmes should be understood not simply as government ownership but as democratic ownership [...]. Citizens’ voices and concerns must be central to national development plans and processes, they must

30 Q 109

31 Q 18

32 Ev 61

33 Q 107

34 Sida, *Sida’s Direction*, December 2006, p 5

have access to resources, meaningful and timely information, and be active in implementation, monitoring and evaluation.”³⁵

24. Governments’ natural interlocutors are other governments. But ownership can no longer be understood simply to mean government ownership of the development effort. DFID must consistently define ownership as a democratic process which involves parliaments, civil society and citizens more broadly. We recommend that DFID adopt a strategy to ensure that its programmes secure a broader level of ownership by involving organisations and individuals outside government regularly and meaningfully in its development dialogue with developing country governments. DFID should also make a commitment, as the Swedish Government has done, to place citizens actively at the heart of its development policy, emphasising that they are not simply passive recipients. We also urge DFID to give more active support to parliamentarians in developing countries, including opposition members, to enable them to take a more active part in shaping and monitoring aid to their countries.

The limitations of ownership

25. Despite the apparent broad consensus in development circles that ownership is a prerequisite for effective aid, some of the evidence we received emphasised the importance of establishing a solid evidence base to underpin this assertion. Evidence from Professor Mick Moore of the University of Sussex questioned whether ownership should have the central position in aid effectiveness discussions which it is currently afforded:

“The term both addresses a real problem but is a fudge. People still argue about what it means and how one measures it. It is a politically convenient way of signalling a general concern—and one that is very appealing to recipient Governments. It does not relate directly to what should be our central concern: the quality of aid.”³⁶

26. Other evidence we received suggested that effective aid was possible without ownership. Howard White of the International Initiative for Impact Evaluation told us:

“Of course it would be possible to design an intervention, target it and achieve positive development impacts with no local consultation whatsoever. We have a lot of experience of that. In conflict zones, we often have to do something like that [...] designed top down, inserted top down—the expanded programme for immunisation for example is a largely top down programme and highly successful.”³⁷

27. We believe that broad ownership and leadership by developing countries of their own development effort is intrinsically necessary, fair and right. This argument would however be stronger with the support of a solid evidential base linking ownership to better development outcomes. Without such a base, DFID is acting in accordance with a broad consensus and with good intentions, but without proof that ownership is right not only in principle but also as a means to achieving effective aid and therefore good value for UK taxpayers. We recommend that DFID pursue such research urgently.

35 ICSSG, *From Paris 2005 to Accra 2008: Will aid become more accountable and effective?*, p 4

36 Ev 78

37 Q 39

28. Ensuring that recipient governments provide effective leadership of development efforts is particularly difficult in fragile states. In our 2006 Report on *Conflict and Development*, we noted the particular challenges for donors in building capacity in conflict-affected states.³⁸ We received evidence in this inquiry on the relationship between weak government structures and aid effectiveness. The submission from Muslim Aid said:

“The political context in which aid is implemented affects the nature of the co-ordination required. Muslim Aid’s experience in Somalia, for example, demonstrates that in the absence of a single stable governing authority the humanitarian imperative demands that civil society coordinates with those who have authority on the ground.”³⁹

To illustrate a similar point, Merlin took the example of the health sector in the Democratic Republic of Congo:

“One of the greatest challenges in fragile states centres on the capacity constraints of national policies and systems; in the Democratic Republic of Congo little bilateral or multilateral aid is aligned to national priorities owing in part to the absence of the government’s development strategy combined with significant capacity constraints and shortages of technical skills. Although the Ministry of Health is responsible, in principle, for policy stewardship of the health system, in practice administration and enforcement at central level is poor and the Ministry has lost a considerable degree of its autonomy to decide, orient and direct national and regional health policy.”⁴⁰

29. In his evidence, Myles Wickstead, formerly head of the Commission for Africa secretariat, argued that the UN should be the “fallback” institution around which donors should align in such circumstances.⁴¹ We put this to the Minister who responded:

“In fragile states our position would be that we ought to look to the UN to give a lead—that is not always a humanitarian lead, but quite often it is—and to support them.”⁴²

30. Effective leadership by recipient governments of development efforts is particularly difficult in fragile states. We agree with DFID that the UN, despite the many concerns about the effectiveness of that organisation, can play a leading role in such environments. We encourage the Government to include in its strategies for such states complementary engagement with local stakeholders on the ground.

Technical assistance

31. Technical assistance (TA) is the provision by donors of advice or skills, usually in the form of specialist expert personnel or training. According to the OECD, TA accounts for

38 International Development Committee, Sixth Report of Session 2006-07, *Conflict and Development*, HC 923-I, paragraph 45

39 Ev 79

40 Ev 77

41 Q 26 [Mr Wickstead]

42 Q 118

between 25% and 50% of global aid.⁴³ DFID notes that France, Germany, the US and Japan account for almost three-quarters of all technical assistance given by bilateral donors.⁴⁴ We were told by the OECD that technical assistance was a “big battleground for aid effectiveness”.⁴⁵

32. The Paris Declaration requires that by 2010 all OECD donors provide 50% of their TA through coordinated programmes which are consistent with national development strategies. In the 2006 OECD Survey on Monitoring the Paris Declaration, a number of partner countries felt that none of the assessed TA could be counted as coordinated.⁴⁶ The Survey assessed that the UK is meeting the target, though others are falling behind—for example, just 23% of European Commission TA is assessed as coordinated.

33. A report by ActionAid in July 2007 identified lack of coordination on TA as a clear failing by donors. It said that as a “progressive donor” DFID should be taking the lead to “improve this deeply problematic aid instrument”.⁴⁷ ActionAid recommended that DFID sign up to coordinating 100% of its TA by 2010 and that the UK commission an independent review of TA costs and the TA ‘market’.⁴⁸

34. Moreover, there are concerns among recipients and others about the effectiveness of this aid channel, whether coordinated or not. ActionAid’s report said that “concerns remain about the cost of DFID TA, the degree to which it is fully demand driven, and the limited use made of partner country systems”.⁴⁹ According to a report by the International Civil Society Steering Group (ICSSG), “several developing country governments believed that none of the technical assistance they received responded to their demands.”⁵⁰ Mr Tujan, Chair of the ICSSG, told the Committee:

“When [technical assistance] is demand-driven [...] then in effect the demands will pair up with which donor has the comparative advantage [...]. The question of comparative advantage, the question of improving the quality of technical assistance, I think is predicated not so much on coordination but coordination under ownership.”⁵¹

The International Initiative for Impact Evaluation told the Committee that there was a demand from developing countries for technical assistance but that this ‘market’ was too donor-driven:

“There is demand for international technical expertise that can be purchased by Government from the international market for technical assistance. That market has been very seriously distorted by the donors who have required governments to take

43 www.oecd.org/dac

44 www.dfid.gov.uk/mdg/aid-effectiveness/technical-cooperation.asp

45 Q 51

46 OECD, *2006 Survey on Monitoring the Paris Declaration*, page 23 (www.oecd.org/dac)

47 ActionAid, *Reform of DFID’s Technical Assistance Programme*, July 2007

48 *Ibid.*

49 *Ibid.*

50 ICSSG, *From Paris 2005 to Accra 2008: Will aid become more accountable and effective?*

51 Q 34

technical experts that the donor wants them to have [...]. The key here is [...] only to supply technical assistance that is demanded by the government and then the coordination function falls into place.”⁵²

35. Where there is demand from developing countries for technical assistance, we believe that it can be a useful channel for British aid. All too often, however, developing countries assert that technical assistance is a fig leaf for tied aid which allows donors to keep tight control of the assistance on offer. Those donors, such as DFID, who are responsive to these concerns should take a lead in persuading others away from a supply-led approach to technical assistance. On the other hand, DFID must ensure that it has programmes in place to increase the capacity of developing countries to manage and procure technical assistance effectively. We recommend that DFID commit to achieving a technical assistance portfolio which is 100% coordinated and demonstrably demand-driven.

Predictable aid

36. In some of the evidence in this inquiry predictability emerges as a necessary condition for effective aid. Donors’ ability to guarantee funding is limited by their own fiscal cycles and the need to retain control of aid flows for the purposes of accountability and performance monitoring. The ODI, however, said that this can be a major hurdle to more effective and better coordinated aid:

“The benefits of coordination are reduced by the lack of predictable aid flows, with clear consequences for partner governments. Donors should do more to provide longer term and more reliable financing commitments.”⁵³

37. During our visit to Ghana, we were told by the Ministry of Health about the negative impact of unpredictable, project-focused aid on the ability of the Ministry to plan its programme. Merlin’s evidence noted that “increasing the predictable nature of aid disbursements is a central tenet of the aid effectiveness agenda and critical to the development and strengthening of health systems.”⁵⁴ UK Aid Network reinforced this view in its evidence, saying that predictability was essential: “from a recipient-country point of view you just cannot plan long-term health interventions or anything else if you do not have it”.⁵⁵ UK Aid Network also told us that, while the UK should look to increase the proportion of bilateral aid that it commits for three years or more, DFID was a potential role model for predictable funding:

“The fact that DFID are able to make 10-year commitments, even though obviously they do not have 10-year budgets, demonstrates that donors ought to be able to get around this. To me, the main reason it does not happen is that in many donor countries aid is highly political.”⁵⁶

52 Q 33 [Mr White]

53 Q 82

54 Q 76

55 Q 22

56 Q 22

38. ActionAid's evidence suggests one way forward on predictability would be for DFID to adopt a form of funding contract with developing countries:

“To improve ownership and predictability of aid, DFID and its partners need to agree on transparent and binding contracts. These agreements should be reached after widespread consultation with parliaments and civil society, including women's rights organisations, and should include clear donor commitments on aid volume and quality, with sanctions against donors who fail to live up to promises. The agreements should be agreed on a multi-year basis and be transparently and independently monitored including by parliaments.”⁵⁷

Eckhard Deutscher, Chairman of the OECD DAC, told us that he expected some progress on predictability of aid at the Accra High level Forum.⁵⁸

39. It is common sense that budgets are made very difficult for partner countries to manage if they do not know when or how much money will be available. Predictable aid flows allow recipients to plan effectively and for the longer term. We urge DFID to show leadership on this issue at the Accra High Level Forum, drawing on its experience of 10-year development commitments.

57 Ev 60

58 Q 60

3 Division of labour

40. In our discussions with donors during this inquiry, division of labour among them emerged as a key issue in terms of implementation of the Paris Declaration. The Minister told us:

“Our position is really that we cannot lead everything. We are committed to a logical division of labour [...]. Our view is that where we have a comparative advantage in country then our role would be to push to lead; the reverse is true where others have a comparative advantage.”⁵⁹

41. In this inquiry, we have been keen to establish the principles and mechanisms by which division of labour already happens and can become more effective. During our visit to Ghana, we saw division of labour in action. Donor groups drew together all the main active donors in Ghana into 14 sector groups, such as the education group or the water and sanitation group. Leadership of the groups rotated among the donors with greatest expertise and capacity in the particular sectors, for example the Netherlands acting as sector lead for health but handing this over to UNDP in the next rotation. Moreover, we saw examples of donors working through other donors in particular sectors—for example, the UK working through a Dutch health adviser and a Danish HIV/AIDS adviser.

42. Division of labour at a sectoral level in-country is a useful first step in ensuring that donors play to their strengths and are able between them to address as much need as is possible. In our discussions with other donors, it was clear that there is no mechanism at the macro or strategic level which drives this process. However, two major international donor organisations—the OECD, as the sponsor organisation of the Paris Declaration, and the European Commission—have claimed roles for themselves in encouraging donor activity which is complementary and coordinated.

The Role of the EU and OECD as coordinating institutions

European Union

43. Collectively, the European Union is the largest donor in the world. The Minister gave us DFID’s perspective on this:

“The EU is critical: 57% of global aid is what the EU represents, that is about £37 billion and £7 billion approximately of that is through the European Commission. The EU obviously has a very important role to play in terms of the coordination amongst EU states.”⁶⁰

While the volume of EU aid is unchallenged, some of the evidence we received in this inquiry challenged the effectiveness of the EU as a coordinating body. Howard White of 3ie said:

59 Q102

60 Q147

“This is patently not the case. No one thinks the EU is coordinating the aid of the various EU donors on the ground in recipient countries. The multilateral agencies, by and large, are not playing that role either.”⁶¹

44. The European Commission plays a central role in managing parts of the global EU aid budget. The 2006 Survey on Monitoring of the Paris Declaration showed that the Commission had performed significantly less well in this role against the Paris Declaration targets than some of the better performing donors, such as the UK.⁶² Beyond the management of European Community aid, the European Commission also claims a coordinating role across all European development actors. The Commission told us that it viewed itself as a “federator of Member States” and that the EU Code of Conduct on the Division of Labour was “an instrument” for the Commission in pursuing that role.⁶³ We were interested, therefore, to examine the role and impact of this “instrument” in the course of this inquiry.

The European Union Code of Conduct on the Division of Labour

45. In 2007, the EU agreed a voluntary Code of Conduct with the aim of enhancing “complementarity and division of labour amongst EU donors”.⁶⁴ The ODI summarised the Code as follows:

“The Code is voluntary [...]. Two central guiding principles are, firstly, that donors restrict themselves to a maximum of three sectors per country and either redeploy out of other sectors or work as a silent partner, allowing another EU donor to take the lead. Secondly, that no more than 3–5 donors should be present per sector (the Code of Conduct does not say whether this means all donors or only EU donors).”⁶⁵

The Commission explained how the Code was being implemented in practice:

“The Code of Conduct was adopted only in May of 2007. We have to prepare the ground by engaging our delegations, and we are now in the process of reflecting on what part of the work on the ground we can delegate to Member States [...]. We could address situations of donor congestion in different countries. We should build on comparative advantages. We are globally present but in some countries Member States are better represented and rooted and they can build on their comparative advantage. We can then delegate to them and they can run the programmes on behalf of the EU.”⁶⁶

46. ODI evidence said that, despite the Code of Conduct, “EU bilateral aid and EC aid remains fundamentally fragmented” and that “the challenges of making the Code of Conduct a reality are formidable”.⁶⁷ It also challenged the robustness of the Code given that

61 Q 28 [Mr White]

62 www.oecd.org/dac

63 Q 77

64 ec.europa.eu/development

65 Ev 88

66 Q 77

67 Ev 89

some terms and targets are not well-defined.⁶⁸ World Vision discussed in its evidence the limitations of the Code, and recommended that rather than a “voluntary and self-policing” Code, it should be “promoted and monitored”.⁶⁹ In response to such concerns about problems implementing the Code, the Minister said:

“It is true to say that the Code of Conduct is of a voluntary nature but we still see it as a significant milestone in moving forward. There are some barriers to the implementation of division of labour and sometimes that is suspicion and mistrust by partner countries when division of labour is donor-led [...]. They sometimes feel powerless when faced by a coordinated group of donors.”⁷⁰

47. We asked the Minister for examples where the Code of Conduct has had a significant impact. He cited Zambia as a country where division of labour has led to significant savings for the Zambian authorities.⁷¹ ODI evidence, however, highlighted the difficulties of attempts to implement the Code in Zambia where “the number of donors per sector barely reduced, and [...] the willingness of donors to withdraw from sectors in which they are engaged is limited.”⁷²

48. The European Union has particular responsibilities as the world’s largest donor in leading efforts to ensure complementary and coordinated donor activity. The Code of Conduct on the Division of Labour is a useful starting point for this task. We endorse this attempt to draw together good practice principles and guidance into a agreement around which EU governments and the Commission can focus their work. We accept that the Code is in its early days of implementation. But if it is to be credible as a practical agreement, the EU must soon be able to show that it is having an impact on the ground. We recommend that DFID work with the Commission to identify countries in which there is the potential for the Code to have a positive impact and where the recipient government is supportive of the Code, and to prioritise efforts in these countries.

49. We record our disappointment that the Commission is not able to lead by example on questions of aid effectiveness by putting in a stronger performance against the Paris Declaration indicator targets. We challenge the Development Commissioner to take a more pro-active role in promoting practical coordination both among member states and between member states and the Commission. We understand that the percentage of EU aid which falls under the direct control of the Commission will diminish as national budgets increase. But the Commission’s coordination role needs to be strengthened irrespective of its share of the EU’s total development budget.

68 Ev 89

69 Ev 96

70 Q 127

71 *Ibid.*

72 Ev 89

OECD Development Assistance Committee

50. The OECD Development Assistance Committee (DAC) provides the leading forum for donors to co-ordinate their aid efforts and to agree best practice in development. The Committee has 23 members—all the major bilateral western donors and the European Commission. The DAC's key functions include promoting best practice, defining and publishing statistical analysis of Official Development Assistance (ODA) and peer reviewing members' development assistance policies.

51. The OECD DAC was instrumental in drawing up and facilitating agreement on the Paris Declaration in 2005. It was agreed that monitoring of the international standards and targets set out in the Declaration would fall to the OECD. The OECD has published the 2006 Survey on Monitoring the Declaration and a second Survey is being conducted in advance of the Accra High Level Forum. Data were collected up to March 2008 and are now being analysed. The OECD shared with us headline results from the 2008 Survey in advance of the Forum.⁷³ In a separate work stream, Denmark and Sri Lanka are co-chairing an Evaluation of the Paris Declaration, which will run to 2010 and beyond and will use the data from the periodic Surveys “to assess the relevance and effectiveness of the Paris Declaration and its contribution to development aid”.⁷⁴

52. Some of the evidence we received from NGOs raised concerns about the extent of OECD influence over the Paris Declaration process. ActionAid said that “The Paris process has suffered from being based in a donor institution [OECD] and being donor driven”. ActionAid's evidence goes on to suggest that,

“The 2006 OECD DAC survey of implementation of the Paris Declaration was fatally undermined by donors insisting on ‘negotiating’ on the figures, so that the figures in the final document were in many cases significantly different from earlier drafts.”⁷⁵

DFID said that this confusion was related to the absence of a set of agreed definitions for some forms of assistance in the 2006 Survey but that this had been resolved in advance of the 2008 Survey.⁷⁶

Working with non-DAC donors

53. Some of the evidence we received drew attention to the changing nature of the donor ‘club’. Donors are no longer simply confined to the OECD DAC membership and it is clear that these new donors are far from marginal to global aid figures. For example in 2006, China committed \$12.7 billion for investment in infrastructure in Africa, more than all OECD countries combined.⁷⁷ China is, however, a signatory to the Paris Declaration as an aid recipient rather than a donor. We are looking at China's role as a donor in more detail in our inquiry into DFID and China.

73 Ev 82

74 OECD, *Evaluating the Paris Declaration* (Factsheet), 2007, p 1 (www.oecd.org/dac)

75 Ev 61

76 Q 134 [Mr Hammond]

77 Ev 50

54. We have observed a separation between DAC and non-DAC donors during our visits to developing countries. In Ghana, we were told by a donor group that China did not consider itself as a donor in Ghana but rather as a commercial partner. China, India and Brazil did not participate in the groups set up in Ghana to harmonise donor action by sector. Professor Mick Moore of the University of Sussex says in his evidence:

“The new aid donors (China and other fast-growing middle income countries that were ‘traditionally’ aid recipients; the big private foundations) have made the [donor] field much more diverse. The system is now out of control. The Western donors’ club—OECD DAC—can no longer coordinate it.”⁷⁸

55. A recent World Bank report on trends in ODA flows welcomes the contribution of ‘non-DAC’ donors to international development efforts. But the report raises concerns about the degree to which non-DAC donors comply with the best practice guidance and standards established by the DAC:

“New donors bring with them more resources to help developing countries reach their MDGs. At the same time, new challenges for harmonisation and alignment are created. Non-DAC donors are a heterogeneous group: the degree to which DAC approaches and norms as regards the provision of aid finance are applied by non-DAC donors varies from country-to-country.”⁷⁹

56. We asked the OECD how it planned to draw new donors into compliance with DAC best practice guidance and standards. Brenda Killen of the OECD Development Co-operation Directorate told us that some developing countries had set out their own role in this process at a recent preparatory meeting for the Accra High level Summit:

“On the question of new donors, what emerged was that the onus was now on African countries themselves to manage the complexities; they should reach a common position and use the Paris Declaration to deal with new partners and say that they want the aid but set out the basis on which they want it.”⁸⁰

57. The proliferation of donors in recent decades brings welcome new resources to the international development effort but also brings new challenges for recipients in managing a range of donor relationships. The principles contained in the Paris Declaration are as applicable to new donors, such as China, India and Brazil, as to the OECD Development Assistance Committee member countries. We recommend that DFID seek opportunities to share with new donors its own experience of working towards more effective aid but also to support efforts by developing countries to draw new donors into a recipient-led dialogue on aid effectiveness.

78 Ev 78

79 World Bank, *Aid Architecture: An overview of the main trends in ODA flows*, Executive Summary, February 2007

80 Q 71

4 Next steps in implementing the Paris agenda

58. The Accra High Level Forum in September 2008 will take stock of progress in implementing the Paris Declaration. The 2008 Survey on Monitoring the Paris Declaration will inform discussion at the Forum. The OECD submission said of this process:

“The conclusions that can be drawn from the 2008 Survey analysis are alarming in respect of substantive progress on the Paris Declaration commitments. The survey suggests a simple message to the Accra High Level Forum: the efforts currently being made are not enough.”⁸¹

We examine in this chapter what the Accra Forum might do to reinvigorate efforts to achieve better aid and whether there are other options for realising the commitments made in the Paris Declaration.

Delivering results at the Accra High Level Forum

59. Expectations for the Forum among NGOs and governments are mixed, ranging from pessimistic to ambitious. The Minister told us of his expectations:

“We would all agree that Accra really needs to be a very ambitious agenda in September. We are pushing for it to be ambitious and we think that our priorities for an international agreement are really identified by five different strands: improving the predictability of aid, strengthening accountability at country and international level, improving the division of labour, strengthening incentives for donors for aid coordination and faster progress on the untying of aid.”⁸²

Some of our witnesses were sceptical about the potential for Accra to become a decisive moment for making aid more effective. Howard White of 3ie warned: “There is a great danger that Accra will result in noble statements [...] and very little that is concrete will come out of it.”⁸³ Civil society activists and organisations hope to avoid this scenario. They are encouraging donors and recipients of aid to live up to their existing commitments and to make more ambitious commitments in 2008. The International Civil Society Steering Group for Accra set out these demands in a report *From Paris 2005 to Accra 2008: Will aid become more accountable and effective?*⁸⁴ The Chairman of that Group singled out progress on democratic ownership as a key objective for the Forum. He welcomed the prospect of Accra “moving beyond Paris” in recognising that ownership should involve the wider community, including parliaments, media and civil society organisations.⁸⁵

81 Ev 82

82 Q 121

83 Q 29 [Mr White]

84 ICSSG, *From Paris 2005 to Accra 2008: Will aid become more accountable and effective?*

85 Q 29 [Mr Tujan]

60. Maciej Popowski of the European Commission told us that the Commission was also focused on concrete outcomes.⁸⁶ The Commission is coordinating a European Union position for the Forum with Ministers in member states. Mr Popowski hoped the Forum would be both “ambitious and attentive to the needs and priorities of partner countries”.⁸⁷ In his evidence to us, he highlighted the Commission’s work on the division of labour as a Forum agenda item where the EU hoped to effect change:

“Our intention is to propose certain solutions and ideas to other donors and partner countries in Accra. I do not know whether we will agree on a global code of conduct, but there is a proposal now being discussed for a code of best practice on the division of labour.”⁸⁸

61. We have focused in this Report on ownership and division of labour as the most important components of the Paris Declaration. We agree with many of our witnesses that not enough is being done in these areas. We are therefore pleased to see that key actors at the Accra Forum, such as the International Civil Society Steering Group and the European Commission, have emphasised the importance of making progress on these two issues and will propose ways to do so at the Forum. We are also pleased to see these topics among DFID’s several priorities for the Forum. We would, however, recommend that the Government prioritise its efforts for the Forum on taking forward these two particular strands. We believe meaningful progress in these areas could provide renewed impetus for progress on the rest of the Paris Declaration commitments.

Beyond Accra

62. We believe that the Accra Forum is an opportunity to affirm high-level buy-in to core international standards for effective, high quality aid. The Forum must also address the role of parliaments and civil society in making aid more effective. But practical steps towards better harmonisation and alignment are needed to move from a technocratic to a more practical approach to making aid more effective. We explore such steps in the remainder of this chapter.

Working through others

63. DFID told us during this inquiry about its agreements with other development agencies in a small number of countries, for example Yemen, whereby DFID delegates leadership and budgets to these agencies in particular sectors or policy areas. This sort of arrangement would appear to be most necessary in situations where there is a high concentration of donors. The Head of DFID Ghana explained how this worked in practice there:

“There are two models. The first model is shared advice where we share the advisory resources of the Dutch adviser. We still have a programmatic budget, central budget support, which is linked around the Ministry programme of work. Whether we

86 Qq 80–92

87 Q 92

88 Q 80

release that budget or not is a decision left with us, so we are getting advice from an adviser mainly. In the case of the water project we actually simply give the money to DANIDA and GTZ [an official German agency] to co-finance their programmes [...] It is not a DFID programme *per se*.”⁸⁹

The European Commission said that it had now overcome obstacles which had historically inhibited its own delegation to and co-financing with member states and other agencies.⁹⁰ We asked the Minister whether DFID would consider actively promoting this form of strategic cooperation by trying to replicate the Yemen or Ghana arrangements elsewhere. He said:

“I would say one thing: the alignment of aid through country systems is far more important than donor to donor coordination, and that is a really important point; strengthening the country systems is far more important ultimately than who we defer to in country, and that is obviously where you have that sustainable development which hopefully will ultimately make us redundant.”⁹¹

64. We agree that donor coordination and division of labour is ancillary to developing country ownership of the development process. Yet ambitious forms of coordination and division of labour, whereby DFID works through others whose approach and safeguards are compatible, are a way of making concrete progress against a Paris Declaration principle which is in need of strong leadership. We recommend that DFID develop a set of criteria for such arrangements and undertake a survey to assess where such arrangements might be used effectively.

Budget support

65. One of the 12 indicator targets for 2010 in the Paris Declaration is that “66% of aid flows are provided in the context of programme-based approaches [PBAs]”.⁹² DFID defines PBAs as approaches which “involve leadership by the partner country or organisation, one single comprehensive programme and budget framework, a formalised process for donor coordination, and efforts to increase the use of country systems”.⁹³ The 2006 Survey on Monitoring of the Paris Declaration notes that only 43% of aid was actually being delivered as PBAs, of which direct budget support accounted for 20%. During our visit to Ghana, we saw how such budget support, which accounts for around 30% of annual aid flows to Ghana and around 20% of DFID’s bilateral expenditure globally, is an effective mechanism for facilitating coordination.

66. The UK is viewed as a strong supporter of budget support internationally and is often praised by developing countries for favouring this aid channel. UK Aid Network warned, however, that:

89 Q 124

90 Q 76

91 Q 126

92 See Appendix

93 Ev 50

“DFID does need to consider how to ensure that the use of budget support, particularly by multiple donors, does not lead to excessive intrusion by donors into recipient policy making processes.”⁹⁴

This concern is echoed by Christian Aid who fear that coordinated donor action can set up “parallel structures” which exclude citizens and civil society from decision-making.⁹⁵ Even where there is an opportunity to be involved in such decision-making, there is a question about capacity. During our visit to Copenhagen, we heard from international development NGOs that many civil society organisations in developing countries lack the expertise to engage in the highly technical budget discussions which are linked to budget support.

67. The UK is acknowledged internationally as a leading advocate of direct budget support. This is a tool we have previously welcomed in certain contexts, such as in Vietnam and through the Afghanistan Reconstruction Trust Fund, although we have also raised concerns that it should not be seen as the easy option for spending a rising aid budget. We believe that aid effectiveness arguments are persuasive in making a case for greater use of this instrument where the conditions are right. We recommend that the Government ensure that any decision to support national budgets in partner countries is accompanied by thorough assessment and planning to include parliaments, civil society and other stakeholders in the budget discussions. Funding to build capacity within parliaments and civil society to manage the technical detail involved in such discussions should be included in the relevant DFID programmes.

Staff performance assessment

68. On 16 June, the official Danish development agency, DANIDA, published its own assessment of Danish implementation of the Paris Declaration. It queries whether staff performance assessment structures in DANIDA are set up to encourage full implementation of the Paris aid effectiveness commitments. The review says that,

“the ability to meet stated disbursement targets is valued higher than demonstrating tangible results in areas of capacity building and alignment. [... The DANIDA staff performance assessment system] pays relatively little attention to the Paris agenda compared to other Danish priorities.”⁹⁶

The review recommends that performance assessment targets should more clearly take account of the aid effectiveness agenda and that “results contracts” between the agency and its field representatives should include performance targets which reflect the Paris Declaration.⁹⁷ We discussed this with the Minister and his officials who told us that DFID’s “country performance frameworks” included such objectives.⁹⁸

94 Ev 94

95 Ev 71

96 DANIDA, *Phase One of the Evaluation of the Implementation of the Paris Declaration*, 16 June 2008 (www.um.dk/en/menu/DevelopmentPolicy/Evaluations)

97 DANIDA, *Phase One of the Evaluation of the Implementation of the Paris Declaration*, 16 June 2008 (www.um.dk/en/menu/DevelopmentPolicy/Evaluations)

98 Q132 [Ms Bird]

69. **Implementing the Paris Declaration requires some changes in the way DFID operates. Staff buy-in is crucial to the success of any change programme. We are therefore encouraged to hear that DFID’s country performance frameworks include aid effectiveness objectives. We are not clear, however, whether: a) all individual staff objectives take account of the Paris Declaration principles; and b) such objectives are deemed as important as other performance assessment measurements, for example in terms of securing bonuses and promotion. We invite the Government to provide examples of these objectives in its response and to clarify the relative importance of them to individual staff.**

Evaluating impact

70. Some of the evidence received in the inquiry highlights the importance of impact evaluation—assessment of how effective the aid delivered was in achieving development outcomes—for encouraging new and better coordinated ways of working. The submission from the ODI says that evaluation is central to the Paris Declaration principles and that “efforts should continue on an evaluation framework to support lesson learning and a stronger evidence base and to test more thoroughly the underlying logic in the Paris Declaration”.⁹⁹ ActionAid’s view is that the current systems for evaluation and monitoring are not sufficiently credible:

“There is a need for monitoring and evaluation within the aid system—which is currently largely done by donors about themselves or each other—to become more independent and southern-led, for example via a jointly-funded international evaluation body or recipient-led in-country bodies.”¹⁰⁰

71. There are many new independent impact evaluation initiatives. There is the OECD’s Network of Networks on Impact Evaluation (NONIE) which aims to establish international standards. DFID has established an Independent Advisory Committee on Development Impact to assure the independence of its own evaluation function. The International Initiative for Impact Evaluation (3ie) is a leading initiative set up in the last year and from whom we heard in this inquiry. In his evidence, Howard White of 3ie suggested that one ‘quick win’ in terms of more credible evaluations would be to move from OECD DAC Peer Reviews—in which donors assess other donors—to reviews of donors by recipient countries.¹⁰¹ In a similar vein, UK Aid Network said:

“I think what we need to make sure that DFID and other donors are doing is supporting country-led evaluation processes, so this should not be a donor effort to measure development outcomes in Tanzania—it should be a Tanzanian effort [...]. The second thing I would say is [...] one of the things we would like to see come out of these international conferences this year is a commitment from all the donors [...] to actually establish that kind of independent process internationally because we do need to be able to hold individual donors to account.”¹⁰²

99 Ev 89

100 Ev 61

101 Q 29

102 Q 21

72. Credibility is not drawn simply from the independence of the evaluation but also from the robustness of the methodology. We met Professor Finn Tarp of the University of Copenhagen during our visit there. He and his staff noted that donor agencies tended to conduct informal self-assessments which measured outcomes against objectives and could at best prove association between donor intervention and outcome, rather than more rigorous counterfactual evaluations which could establish a causal relationship.¹⁰³ We discussed this with the Minister who said:

“I do think it is an evolving area and there is a recognition that enough has not been done and much more needs to be done, and in that sense there is a need to invest more in research to get the right kind of methodologies [...] I do think there is a need to develop better methodology.”¹⁰⁴

73. Credible monitoring and evaluation of development impact is needed to show objectively that aid can make a difference. Such assessments both increase public confidence in the development effort and enable agencies such as DFID to tailor their programmes to use budgets most effectively. The credibility of these assessments stems in part from their independence. Self-assessment and donors assessing other donors, as happens under the Development Assistance Committee’s Peer Review system, have a role to play but should be complemented by other initiatives. We recommend that DFID actively support such initiatives, especially those led by developing countries, and submit to—and encourage other OECD donors to submit to—reviews conducted other than by peers.

74. The credibility of impact evaluations is also drawn in part from their methodology. We recommend that DFID consider funding more robust impact assessments, such as counterfactual ones carried out by independent development economists, to bolster its evidence base.

103 Counterfactual evaluation investigates what a situation would have been if a given policy was not in place or the beneficiaries were not exposed to the policy.

104 Qq 138–139

5 Conclusion

75. The Paris Declaration has had some impact on how both donors and developing countries approach development assistance. DFID has worked to fulfil its commitments under the Declaration. Progress globally, however, has been patchier. The OECD has told us that the conclusions of its most recent survey on implementation of the Declaration are “alarming in respect of substantive progress”.¹⁰⁵ The Accra High Level Forum is an opportunity to shine a spotlight on this lack of progress and to hold those who have signed the Declaration, particularly donors, to account.

76. Efforts to make aid more effective depend on credible evidence which links particular actions with better development outcomes. Large pieces of this evidential base are missing. Assertions, for example, that coordination delivers lower transactions costs or that ownership translates to more effective aid are plausible but not thoroughly proven. **DFID must ensure that it is not simply joining a well-meaning consensus on aid effectiveness but has done the research to prove to us and, equally importantly, the taxpayer that its approach delivers more effective aid.**

77. The terms of the aid effectiveness debate and the focus on greater ownership of the development process by developing countries and on greater donor coordination are unlikely to change despite the slow progress against the Paris targets. **Joint working between DFID and other donors, and indeed DFID working through other donors, is likely to become a more frequent occurrence and this has implications for the scrutiny performed by this Committee. DFID must work proactively to ensure that we have meaningful oversight of all of its work, however the budget is spent.**

List of recommendations

More effective aid

1. The Paris Declaration is an important milestone for aid effectiveness. We commend the commitment shown by donors and developing countries to working together to make aid more effective. The UK has performed well against almost all of the Declaration targets and we welcome UK commitment to meet all targets by the 2010 deadline. Global progress, however, has been patchy and slow. We recommend that DFID raise in its discussions with all donors, but particularly the United States and Japan, the urgency of progress against the targets. (Paragraph 11)
2. That transaction costs should come down as a result of better donor coordination is a plausible assumption. We would, however, like to see some hard evidence to prove this. Without it, DFID is operating on guesswork. We recommend that DFID programme the research necessary to provide the evidential base which links DFID's inputs in terms of coordinating with other donors to the outputs of lower transaction costs for the recipient country. This should provide the platform for the additional effort necessary if DFID is to respond positively to the OECD's recommendation that donors need to "work aggressively to reduce the transaction costs of delivering and managing aid". (Paragraph 15)
3. We are pleased to see that the Peer Review carried out by members of the Development Assistance Committee of the Organisation for Economic Cooperation and Development is broadly positive about DFID's performance on aid effectiveness. Where DFID is a leader, it is right that it promotes its achievements. We agree, however, with the Chairman of that Committee that taking this a step further—being "pushy"—does not stimulate cooperation. Cooperation cannot simply be on DFID's terms. Working with others to make aid more effective requires a certain flexibility of approach which DFID has so far found difficult. We recommend that DFID reassess its engagement with other donors on aid effectiveness so as to prioritise effective coordination over promotion of its own model. (Paragraph 17)

Ownership

4. It is anomalous that the Paris Declaration places so much emphasis on ownership as central to effective development and yet the process set up to monitor the Declaration places so little emphasis on it. We understand the argument that ownership is one of the more difficult principles to measure. Three years on from the Paris agreement, however, the principle of ownership seems to us to be more rather than less critical to the success of international commitments on aid effectiveness. It is therefore imperative that DFID work to agree more effective mechanisms at or following the Accra High Level Forum to monitor progress against a greater range of targets linked to ownership. (Paragraph 20)
5. Governments' natural interlocutors are other governments. But ownership can no longer be understood simply to mean government ownership of the development effort. DFID must consistently define ownership as a democratic process which

involves parliaments, civil society and citizens more broadly. We recommend that DFID adopt a strategy to ensure that its programmes secure a broader level of ownership by involving organisations and individuals outside government regularly and meaningfully in its development dialogue with developing country governments. DFID should also make a commitment, as the Swedish Government has done, to place citizens actively at the heart of its development policy, emphasising that they are not simply passive recipients. We also urge DFID to give more active support to parliamentarians in developing countries, including opposition members, to enable them to take a more active part in shaping and monitoring aid to their countries. (Paragraph 24)

6. We believe that broad ownership and leadership by developing countries of their own development effort is intrinsically necessary, fair and right. This argument would however be stronger with the support of a solid evidential base linking ownership to better development outcomes. Without such a base, DFID is acting in accordance with a broad consensus and with good intentions, but without proof that ownership is right not only in principle but also as a means to achieving effective aid and therefore good value for UK taxpayers. We recommend that DFID pursue such research urgently. (Paragraph 27)
7. Effective leadership by recipient governments of development efforts is particularly difficult in fragile states. We agree with DFID that the UN, despite the many concerns about the effectiveness of that organisation, can play a leading role in such environments. We encourage the Government to include in its strategies for such states complementary engagement with local stakeholders on the ground. (Paragraph 30)
8. Where there is demand from developing countries for technical assistance, we believe that it can be a useful channel for British aid. All too often, however, developing countries assert that technical assistance is a fig leaf for tied aid which allows donors to keep tight control of the assistance on offer. Those donors, such as DFID, who are responsive to these concerns should take a lead in persuading others away from a supply-led approach to technical assistance. On the other hand, DFID must ensure that it has programmes in place to increase the capacity of developing countries to manage and procure technical assistance effectively. We recommend that DFID commit to achieving a technical assistance portfolio which is 100% coordinated and demonstrably demand-driven. (Paragraph 35)
9. It is common sense that budgets are made very difficult for partner countries to manage if they do not know when or how much money will be available. Predictable aid flows allow recipients to plan effectively and for the longer term. We urge DFID to show leadership on this issue at the Accra High Level Forum, drawing on its experience of 10-year development commitments. (Paragraph 39)

Division of labour

10. The European Union has particular responsibilities as the world's largest donor in leading efforts to ensure complementary and coordinated donor activity. The Code of Conduct on the Division of Labour is a useful starting point for this task. We

endorse this attempt to draw together good practice principles and guidance into a agreement around which EU governments and the Commission can focus their work. We accept that the Code is in its early days of implementation. But if it is to be credible as a practical agreement, the EU must soon be able to show that it is having an impact on the ground. We recommend that DFID work with the Commission to identify countries in which there is the potential for the Code to have a positive impact and where the recipient government is supportive of the Code, and to prioritise efforts in these countries. (Paragraph 48)

11. We record our disappointment that the Commission is not able to lead by example on questions of aid effectiveness by putting in a stronger performance against the Paris Declaration indicator targets. We challenge the Development Commissioner to take a more pro-active role in promoting practical coordination both among member states and between member states and the Commission. We understand that the percentage of EU aid which falls under the direct control of the Commission will diminish as national budgets increase. But the Commission's coordination role needs to be strengthened irrespective of its share of the EU's total development budget. (Paragraph 49)
12. The proliferation of donors in recent decades brings welcome new resources to the international development effort but also brings new challenges for recipients in managing a range of donor relationships. The principles contained in the Paris Declaration are as applicable to new donors, such as China, India and Brazil, as to the OECD Development Assistance Committee member countries. We recommend that DFID seek opportunities to share with new donors its own experience of working towards more effective aid but also to support efforts by developing countries to draw new donors into a recipient-led dialogue on aid effectiveness. (Paragraph 57)

Next steps in implementing the Paris agenda

13. We have focused in this Report on ownership and division of labour as the most important components of the Paris Declaration. We agree with many of our witnesses that not enough is being done in these areas. We are therefore pleased to see that key actors at the Accra Forum, such as the International Civil Society Steering Group and the European Commission, have emphasised the importance of making progress on these two issues and will propose ways to do so at the Forum. We are also pleased to see these topics among DFID's several priorities for the Forum. We would, however, recommend that the Government prioritise its efforts for the Forum on taking forward these two particular strands. We believe meaningful progress in these areas could provide renewed impetus for progress on the rest of the Paris Declaration commitments. (Paragraph 61)
14. We believe that the Accra Forum is an opportunity to affirm high-level buy-in to core international standards for effective, high quality aid. The Forum must also address the role of parliaments and civil society in making aid more effective. But practical steps towards better harmonisation and alignment are needed to move from a technocratic to a more practical approach to making aid more effective. (Paragraph 62)

15. We agree that donor coordination and division of labour is ancillary to developing country ownership of the development process. Yet ambitious forms of coordination and division of labour, whereby DFID works through others whose approach and safeguards are compatible, are a way of making concrete progress against a Paris Declaration principle which is in need of strong leadership. We recommend that DFID develop a set of criteria for such arrangements and undertake a survey to assess where such arrangements might be used effectively. (Paragraph 64)
16. The UK is acknowledged internationally as a leading advocate of direct budget support. This is a tool we have previously welcomed in certain contexts, such as in Vietnam and through the Afghanistan Reconstruction Trust Fund, although we have also raised concerns that it should not be seen as the easy option for spending a rising aid budget. We believe that aid effectiveness arguments are persuasive in making a case for greater use of this instrument where the conditions are right. We recommend that the Government ensure that any decision to support national budgets in partner countries is accompanied by thorough assessment and planning to include parliaments, civil society and other stakeholders in the budget discussions. Funding to build capacity within parliaments and civil society to manage the technical detail involved in such discussions should be included in the relevant DFID programmes. (Paragraph 67)
17. Implementing the Paris Declaration requires some changes in the way DFID operates. Staff buy-in is crucial to the success of any change programme. We are therefore encouraged to hear that DFID's country performance frameworks include aid effectiveness objectives. We are not clear, however, whether: a) all individual staff objectives take account of the Paris Declaration principles; and b) such objectives are deemed as important as other performance assessment measurements, for example in terms of securing bonuses and promotion. We invite the Government to provide examples of these objectives in its response and to clarify the relative importance of them to individual staff. (Paragraph 69)
18. Credible monitoring and evaluation of development impact is needed to show objectively that aid can make a difference. Such assessments both increase public confidence in the development effort and enable agencies such as DFID to tailor their programmes to use budgets most effectively. The credibility of these assessments stems in part from their independence. Self-assessment and donors assessing other donors, as happens under the Development Assistance Committee's Peer Review system, have a role to play but should be complemented by other initiatives. We recommend that DFID actively support such initiatives, especially those led by developing countries, and submit to—and encourage other OECD donors to submit to—reviews conducted other than by peers. (Paragraph 73)
19. The credibility of impact evaluations is also drawn in part from their methodology. We recommend that DFID consider funding more robust impact assessments, such as counterfactual ones carried out by independent development economists, to bolster its evidence base. (Paragraph 74)

Conclusion

20. DFID must ensure that it is not simply joining a well-meaning consensus on aid effectiveness but has done the research to prove to us and, equally importantly, the taxpayer that its approach delivers more effective aid. (Paragraph 76)
21. Joint working between DFID and other donors, and indeed DFID working through other donors, is likely to become a more frequent occurrence and this has implications for the scrutiny performed by this Committee. DFID must work proactively to ensure that we have meaningful oversight of all of its work, however the budget is spent. (Paragraph 77)

Annex A: The Committee's visit programme in Ghana

The International Development Committee visited Ghana from 25 to 28 March 2008. The key meetings were as follows:

Wednesday 26 March

Briefing meetings with British officials

Meeting with Kwadwo Baah-Wiredu, Minister of Finance and Economic Planning, Dr Anthony Akoto Osei, Minister of State for Finance, and Professor George Gyan Baffour, Deputy Minister of Finance

Meeting with Mr Speaker at the Ghanaian Parliament and visit to the Parliamentary Learning Centre

Meeting to discuss donor harmonisation and coordination with representatives of other donors, including:

World Bank

Canadian High Commission/CIDA

European Commission

Royal Netherlands Embassy

UNICEF

USAID

UNDP

Millennium Challenge Corporation

Thursday 27 March

Meeting with the Royal Netherlands Embassy

Visit to Princess Marie Louise Hospital, Central Accra

Meeting with Major Courage Quashigah (rtd), Minister, and Dr Edward Addai, Director for Policy Planning, Ministry of Health

Visit to the Three-Districts Water Supply Scheme in Volta Region (Aveyime and Ada Luta)

Friday 28 March

Meeting with civil society groups, including:

Ghana Research and Advocacy Programme, G-RAP

Civil Society Rights and Voice Initiative, RAVI

Business Sector Advocacy Challenge Fund, BUSAC

ActionAid

Institute for Democratic Governance, IDEG

Visit to Governance Issues Forum Network (GIFNET) in Ashaiman

Visit to UN Humanitarian Response Depot (HRD)

Annex B: The Committee's visit programme in Rome, Berlin and Copenhagen

The International Development Committee visited Rome, Berlin and Copenhagen from 11 to 16 May 2008. The key meetings were as follows:

Monday 12 May

Rome

Meetings at the United Nations World Food Programme (in connection with the inquiry into the World Food Programme and Global Food Security)

Tuesday 13 May

Rome

Meeting with the Ministry for the Economy and Finance (MEF)

Meeting with Italian NGO and Trade Union representatives, including:

Action Aid Italy

Oxfam International

Justice and Solidarity Foundation

Development Cooperation North-South

Trade Union representatives and other NGO members of CINE—the Italian Network of International Development NGOs

Meeting with the Ministry of Foreign Affairs, Directorate-General for Development

Wednesday 14 May

Berlin

Meeting with *Stiftungen* (political foundations) and the Bundestag Committee on Economic Cooperation and Development

Meeting with State Secretary Stather, BMZ (Ministry for Economic Cooperation and Development)

Meetings with NGOs, think tanks, and implementing agencies including:

Oxfam

Womnet

Transparency International

Kreditanstalt für Wiederaufbau (KfW)

Gesellschaft für Technische Zusammenarbeit (GTZ)

German Development Institute (DIE)

Thursday 15 May

Copenhagen

Meetings with the Ministry of Foreign Affairs, specifically the Development Policy Department and Evaluation Department

Meeting with Niels Dabelstein, Head of the Secretariat for the OECD Evaluation of the Paris Declaration

Friday 16 May

Copenhagen

Meeting with Professor Finn Tarp and Sam Jones, Development Economics Research Group, Copenhagen University

Meeting with the Foreign Affairs and Foreign Policy Committees of the *Folketinget*

Roundtable meeting with Danish international development NGOs, including:

MS Denmark (Danish Association for International Co-operation)

DanChurchAid

Danish Red Cross

KULU (Women and Development)

Video-conference

The International Development Committee held a video-conference with members of the Swedish Foreign Affairs Committee and the Swedish International Development Cooperation Agency, Sida, on 18 June 2008.

Appendix

PARIS DECLARATION ON AID EFFECTIVENESS

Ownership, Harmonisation, Alignment, Results and Mutual Accountability

I. Statement of Resolve

78. We, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions, meeting in Paris on 2 March 2005, resolve to take far-reaching and monitorable actions to reform the ways we deliver and manage aid as we look ahead to the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs) later this year. As in Monterrey, we recognise that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new bilateral and multilateral initiatives lead to significant further increases in aid.

79. At this High-Level Forum on Aid Effectiveness, we followed up on the Declaration adopted at the High-Level Forum on Harmonisation in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004) because we believe they will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs.

Scale up for more effective aid

80. We reaffirm the commitments made at Rome to harmonise and align aid delivery. We are encouraged that many donors and partner countries are making aid effectiveness a high priority, and we reaffirm our commitment to accelerate progress in implementation, especially in the following areas:

- i. Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).
- ii. Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.
- iii. Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.
- iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.
- v. Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.

- vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.

81. We commit ourselves to taking concrete and effective action to address the remaining challenges, including:

- i. Weaknesses in partner countries' institutional capacities to develop and implement results-driven national development strategies.
- ii. Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.
- iii. Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.
- iv. Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.
- v. Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.

82. We acknowledge that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, we will be guided by development strategies and priorities established by partner countries. Individually and collectively, we will choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.

83. In following up the Declaration, we will intensify our efforts to provide and use development assistance, including the increased flows as promised at Monterrey, in ways that rationalise the often excessive fragmentation of donor activities at the country and sector levels.

Adapt and apply to differing country situations

84. Enhancing the effectiveness of aid is also necessary in challenging and complex situations, such as the tsunami disaster that struck countries of the Indian Ocean rim on 26 December 2004. In such situations, worldwide humanitarian and development assistance must be harmonised within the growth and poverty reduction agendas of partner countries. In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity. Overall, we will give increased attention to such complex situations as we work toward greater aid effectiveness.

Specify indicators, timetable and targets

85. We accept that the reforms suggested in this Declaration will require continued high-level political support, peer pressure and coordinated actions at the global, regional and country levels. We commit to accelerate the pace of change by implementing, in a spirit of mutual accountability, the Partnership Commitments presented in Section II and to measure progress against 12 specific indicators that we have agreed today and that are set out in Section III of this Declaration.

86. As a further spur to progress, we will set targets for the year 2010. These targets, which will involve action by both donors and partner countries, are designed to track and encourage progress at the global level among the countries and agencies that have agreed to this Declaration. They are not intended to prejudge or substitute for any targets that individual partner countries may wish to set. We have agreed today to set five preliminary targets against indicators as shown in Section III. We agree to review these preliminary targets and to adopt targets against the remaining indicators as shown in Section III before the UNGA Summit in September 2005; and we ask the partnership of donors and partner countries hosted by the DAC to prepare for this urgently.¹⁰⁶ Meanwhile, we welcome initiatives by partner countries and donors to establish their own targets for improved aid effectiveness within the framework of the agreed Partnership Commitments and Indicators of Progress. For example, a number of partner countries have presented action plans, and a large number of donors have announced important new commitments. We invite all participants who wish to provide information on such initiatives to submit it by 4 April 2005 for subsequent publication.

Monitor and evaluate implementation

87. Because demonstrating real progress at country level is critical, under the leadership of the partner country we will periodically assess, qualitatively as well as quantitatively, our mutual progress at country level in implementing agreed commitments on aid effectiveness. In doing so, we will make use of appropriate country level mechanisms.

88. At the international level, we call on the partnership of donors and partner countries hosted by the DAC to broaden partner country participation and, by the end of 2005, to propose arrangements for the medium term monitoring of the commitments in this Declaration. In the meantime, we ask the partnership to co-ordinate the international monitoring of the Indicators of Progress included in Section III; to refine targets as necessary; to provide appropriate guidance to establish baselines; and to enable consistent aggregation of information across a range of countries to be summed up in a periodic report. We will also use existing peer review mechanisms and regional reviews to support progress in this agenda. We will, in addition, explore independent cross-country

¹⁰⁶ In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30–31 May 2005 and on 7–8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

monitoring and evaluation processes—which should be applied without imposing additional burdens on partners—to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.

89. Consistent with the focus on implementation, we plan to meet again in 2008 in a developing country and conduct two rounds of monitoring before then to review progress in implementing this Declaration.

II. Partnership Commitments

90. Developed in a spirit of mutual accountability, these Partnership Commitments are based on the lessons of experience. We recognise that commitments need to be interpreted in the light of the specific situation of each partner country.

OWNERSHIP

Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

91. **Partner countries** commit to:

- Exercise leadership in developing and implementing their national development strategies¹⁰⁷ through broad consultative processes.
- Translate these national development strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets (**Indicator 1**).
- Take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.

92. **Donors** commit to:

- Respect partner country leadership and help strengthen their capacity to exercise it.

ALIGNMENT

Donors base their overall support on partner countries' national development strategies, institutions and procedures

Donors align with partners' strategies

93. **Donors** commit to:

- Base their overall support—country strategies, policy dialogues and development co-operation programmes—on partners' national development strategies and periodic reviews of progress in implementing these strategies¹⁰⁸ (**Indicator 3**).

¹⁰⁷ The term 'national development strategies' includes poverty reduction and similar overarching strategies as well as sector and thematic strategies.

- Draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders.
- Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

Donors use strengthened country systems

94. Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.

95. Diagnostic reviews are an important—and growing—source of information to governments and donors on the state of country systems in partner countries. Partner countries and donors have a shared interest in being able to monitor progress over time in improving country systems. They are assisted by performance assessment frameworks, and an associated set of reform measures, that build on the information set out in diagnostic reviews and related analytical work.

96. **Partner countries** and **donors** jointly commit to:

- Work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems (**Indicator 2**).
- Integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development.

97. **Partner countries** commit to:

- Carry out diagnostic reviews that provide reliable assessments of country systems and procedures.
- On the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
- Undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes.

98. **Donors** commit to:

- Use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures (**Indicator 5**).
- Avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes (**Indicator 6**).
- Adopt harmonised performance assessment frameworks for country systems so as to avoid presenting partner countries with an excessive number of potentially conflicting targets.

Partner countries strengthen development capacity with support from donors

99. The capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives—from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources.

100. **Partner countries** commit to:

- Integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.

101. **Donors** commit to:

- Align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly (**Indicator 4**).

Strengthen public financial management capacity

102. **Partner countries** commit to:

- Intensify efforts to mobilise domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments.
- Publish timely, transparent and reliable reporting on budget execution.
- Take leadership of the public financial management reform process.

103. **Donors** commit to:

- Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules (**Indicator 7**).

- Rely to the maximum extent possible on transparent partner government budget and accounting mechanisms (**Indicator 5**).

104. **Partner countries** and **donors** jointly commit to:

- Implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.

Strengthen national procurement systems

105. **Partner countries** and **donors** jointly commit to:

- Use mutually agreed standards and processes¹⁰⁹ to carry out diagnostics, develop sustainable reforms and monitor implementation.
- Commit sufficient resources to support and sustain medium and long-term procurement reforms and capacity development.
- Share feedback at the country level on recommended approaches so they can be improved over time.

106. **Partner countries** commit to take leadership and implement the procurement reform process.

107. **Donors** commit to:

- Progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes (**Indicator 5**).
- Adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

Untie aid: getting better value for money

108. Untying aid generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment. **DAC Donors** will continue to make progress on untying as encouraged by the 2001 DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries (**Indicator 8**).

HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective

Donors implement common arrangements and simplify procedures

109. **Donors** commit to:

¹⁰⁹ Such as the processes developed by the joint OECD-DAC—World Bank Round Table on Strengthening Procurement Capacities in Developing Countries.

- Implement the donor action plans that they have developed as part of the follow-up to the Rome High-Level Forum.
- Implement, where feasible, common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows. Increased use of programme-based aid modalities can contribute to this effort (**Indicator 9**).
- Work together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews (**Indicator 10**); and promote joint training to share lessons learnt and build a community of practice.

Complementarity: more effective division of labour

110. Excessive fragmentation of aid at global, country or sector level impairs aid effectiveness. A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs.

111. **Partner countries** commit to:

- Provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level.

112. **Donors** commit to:

- Make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks.
- Work together to harmonise separate procedures.

Incentives for collaborative behaviour

113. **Donors** and **partner countries** jointly commit to:

- Reform procedures and strengthen incentives—including for recruitment, appraisal and training—for management and staff to work towards harmonisation, alignment and results.

Delivering effective aid in fragile states¹¹⁰

114. The long-term vision for international engagement in fragile states is to build legitimate, effective and resilient state and other country institutions. While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery.

115. **Partner countries** commit to:

¹¹⁰ The following section draws on the draft Principles for Good International Engagement in Fragile States, which emerged from the Senior Level Forum on Development Effectiveness in Fragile States (London, January 2005).

- Make progress towards building institutions and establishing governance structures that deliver effective governance, public safety, security, and equitable access to basic social services for their citizens.
- Engage in dialogue with donors on developing simple planning tools, such as the transitional results matrix, where national development strategies are not yet in place.
- Encourage broad participation of a range of national actors in setting development priorities.

116. **Donors** commit to:

- Harmonise their activities. Harmonisation is all the more crucial in the absence of strong government leadership. It should focus on upstream analysis, joint assessments, joint strategies, co-ordination of political engagement; and practical initiatives such as the establishment of joint donor offices.
- Align to the maximum extent possible behind central government-led strategies or, if that is not possible, donors should make maximum use of country, regional, sector or non-government systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.
- Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.

Promoting a harmonised approach to environmental assessments

117. **Donors** have achieved considerable progress in harmonisation around environmental impact assessment (EIA) including relevant health and social issues at the project level. This progress needs to be deepened, including on addressing implications of global environmental issues such as climate change, desertification and loss of biodiversity.

118. **Donors** and **partner countries** jointly commit to:

- Strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common approaches for “strategic environmental assessment” at the sector and national levels.
- Continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation.

119. Similar harmonisation efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues including those financed by dedicated funds.

MANAGING FOR RESULTS

Managing resources and improving decision-making for results

120. Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making.

121. **Partner countries** commit to:

- Strengthen the linkages between national development strategies and annual and multi-annual budget processes.
- Endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available (**Indicator 11**).

122. **Donors** commit to:

- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
- Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
- Harmonise their monitoring and reporting requirements, and until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.

123. **Partner countries** and **donors** jointly commit to:

- Work together in a participatory approach to strengthen country capacities and demand for results based management.

MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

124. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.

125. **Partner countries** commit to:

- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.

- Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.

126. **Donors** commit to:

- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.

127. **Partner countries** and **donors** commit to:

- Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments. (**Indicator 12**).

III. Indicators of Progress

To be measured nationally and monitored internationally

OWNERSHIP		TARGET FOR 2010
1	<i>Partners have operational development strategies</i> —Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75% of partner countries have operational development strategies.
ALIGNMENT		TARGETS FOR 2010
2	<i>Reliable country systems</i> —Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	<p>(a) Public financial management—half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/CPIA (Country Policy and Institutional Assessment) scale of performance.</p> <p>(b) Procurement—One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.</p>
3	<i>Aid flows are aligned on national priorities</i> —Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap —halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).
4	<i>Strengthen capacity by co-ordinated support</i> —Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.	50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.

5a	Use of country public financial management systems—Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS	
		Score*	Target
		5+	All donors use partner countries' PFM systems.
		3.5 to 4.5	90% of donors use partner countries' PFM systems.
		PERCENT OF AID FLOWS	
		Score*	Target
		5+	A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.
3.5 to 4.5	A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.		
5b	Use of country procurement systems—Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS	
		Score*	Target
		A	All donors use partner countries' procurement systems.
		B	90% of donors use partner countries' procurement systems.
		PERCENT OF AID FLOWS	
		Score*	Target
		A	A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.
B	A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.		
6	Strengthen capacity by avoiding parallel implementation structures—Number of parallel project implementation units (PIUs) per country.	Reduce by two-thirds the stock of parallel project implementation units (PIUs).	
7	Aid is more predictable—Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap —have the proportion of aid not disbursed within the fiscal year for which it was scheduled.	
8	Aid is untied—Percent of bilateral aid that is untied.	Continued progress over time.	

HARMONISATION		TARGETS FOR 2010
9	<i>Use of common arrangements of procedures</i> —Percent of aid provided as programme-based approaches.	66% of aid flows are provided in the context of programme-based approaches.
10	<i>Encourage shared analysis</i> —Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) 40% of donor missions to the field are joint.
		(b) 66% of country analytic work is joint.
MANAGING FOR RESULTS		TARGET FOR 2010
11	<i>Results-orientated frameworks</i> —Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	Reduce the gap by one-third —Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
MUTUAL ACCOUNTABILITY		TARGET FOR 2010
12	<i>Mutual accountability</i> —Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this declaration.	All partner countries have mutual assessment reviews in place.

Important Note: In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

* **Note on Indicator 5:** Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.

Appendix A [to the Declaration]:

Methodological Notes on the Indicators of Progress

The Indicators of Progress provides a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. This framework draws selectively from the Partnership Commitments presented in Section II of this Declaration.

Purpose—The Indicators of Progress provide a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. They measure principally **collective behaviour at the country level**.

Country level vs. global level—The indicators are to be **measured at the country level** in close collaboration between partner countries and donors. Values of country level indicators can then be statistically aggregated at the **regional or global level**. This global aggregation would be done both for the country panel mentioned below, for purposes of statistical comparability, and more broadly for all partner countries for which relevant data are available.

Donor / Partner country performance—The indicators of progress also provide a **benchmark against which individual donor agencies or partner countries can measure their performance** at the country, regional, or global level. In measuring individual donor performance, the indicators should be applied with flexibility in the recognition that donors have different institutional mandates.

Targets—The targets are set at the global level. Progress against these targets is to be measured by aggregating data measured at the country level. In addition to global targets, partner countries and donors in a given country might agree on country-level targets.

Baseline—A baseline will be established for 2005 in a panel of self-selected countries. The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to establish this panel.

Definitions and criteria—The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to provide specific guidance on definitions, scope of application, criteria and methodologies to assure that results can be aggregated across countries and across time.

Note on Indicator 9—Programme based approaches are defined in Volume 2 of Harmonising Donor Practices for Effective Aid Delivery (OECD, 2005) in Box 3.1 as a way of engaging in development cooperation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme based approaches share the following features: (a) leadership by the host country or organisation; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) Efforts to increase the use of local systems for programme design and implementation, financial

management, monitoring and evaluation. For the purpose of indicator 9 performance will be measured separately across the aid modalities that contribute to programme-based approaches.

APPENDIX B [to the Declaration]:

List of Participating Countries and Organisations

Participating Countries

Albania	Australia	Austria
Bangladesh	Belgium	Benin
Bolivia	Botswana	[Brazil]*
Burkina Faso	Burundi	Cambodia
Cameroon	Canada	China
Congo D.R.	Czech Republic	Denmark
Dominican Republic	Egypt	Ethiopia
European Commission	Fiji	Finland
France	Gambia, The	Germany
Ghana	Greece	Guatemala
Guinea	Honduras	Iceland
Indonesia	Ireland	Italy
Jamaica	Japan	Jordan
Kenya	Korea	Kuwait
Kyrgyz Republic	Lao PDR	Luxembourg
Madagascar	Malawi	Malaysia
Mali	Mauritania	Mexico
Mongolia	Morocco	Mozambique
Nepal	Netherlands	New Zealand
Nicaragua	Niger	Norway
Pakistan	Papua New Guinea	Philippines
Poland	Portugal	Romania
Russian Federation	Rwanda	Saudi Arabia
Senegal	Serbia and Montenegro	Slovak Republic
Solomon Islands	South Africa	Spain

Sri Lanka	Sweden	Switzerland
Tajikistan	Tanzania	Thailand
Timor-Leste	Tunisia	Turkey
Uganda	United Kingdom	United States of America
Vanuatu	Vietnam	Yemen
Zambia		

* To be confirmed.

More countries than listed here have endorsed the Paris Declaration. For a full and up to date list please consult: www.oecd.org/dac/effectiveness/parisdeclaration/members.

Participating Organisations

African Development Bank	Arab Bank for Economic Development in Africa
Asian Development Bank	Commonwealth Secretariat
Consultative Group to Assist the Poorest (CGAP)	Council of Europe Development Bank (CEB)
Economic Commission for Africa (ECA)	Education for All Fast Track Initiative (EFA-FTI)
European Bank for Reconstruction and Development (EBRD)	European Investment Bank (EIB)
Global Fund to Fight Aids, Tuberculosis and Malaria	G24
Inter-American Development Bank	International Fund for Agricultural Development (IFAD)
International Monetary Fund	International Organisation of the Francophonie
Islamic Development Bank	Millennium Campaign
New Partnership for Africa's Development (NEPAD)	Nordic Development Fund
Organisation for Economic Co-operation and Development (OECD)	Organisation of Eastern Caribbean States (OECS)
OPEC Fund for International Development	Pacific Islands Forum Secretariat
United Nations Development Group (UNDG)	World Bank

Civil Society Organisations

Africa Humanitarian Action	AFRODAD
Bill and Melinda Gates Foundations	Canadian Council for International Cooperation (CCIC)
Comité Catholique contre la Faim et pour le Développement (CCFD)	Coopération Internationale pour le Développement et la Solidarité (CIDSE)
Comisión Económica (Nicaragua)	ENDE Tiers Monde
EURODAD	International Union for Conservation of Nature and Natural Resources (IUCN)
Japan NGO Center for International Cooperation (JANIC)	Reality of Aid Network
Tanzania Social and Economic Trust (TASOET)	UK Aid Network

Formal Minutes

Tuesday 8 July 2008

Members present:

John Battle
Hugh Bayley
Richard Burden
Mr Stephen Crabb

Ann McKechin
Mr Marsha Singh
Sir Robert Smith

In the temporary absence of the Chairman, John Battle was called to the Chair for the meeting.

Draft Report (*Working Together to Make Aid More Effective*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 77 read and agreed to.

Annexes and Summary agreed to.

A Paper was appended to the Report as an Appendix.

Resolved, That the Report be the Ninth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 4 March 2008.

[Adjourned till Wednesday 9 July at 10.00 am

Witnesses

Tuesday 29 April 2008

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Mr Myles Wickstead, Visiting Professor, Open University, **Ms Sarah Mulley**, Coordinator, UK Aid Network and **Ms Linda Doull**, Director of Health and Policy, Merlin

Ev 1

Mr Antonio Tujan Jr, Chairman of the Reality of Aid Network, Director of IBON International, and **Mr Howard White**, Executive Director, International Initiative for Impact Evaluation

Ev 11

Wednesday 7 May 2008

Mr Eckhard Deutscher, Chair, Development Assistance Committee, Organisation for Economic Cooperation and Development (OECD DAC), and **Ms Brenda Killen**, Head of Aid Effectiveness Division, OECD Development Cooperation Directorate

Ev 18

Mr Maciej Popowski, Director, Operational Support and General Affairs, Directorate-General for Development, and **Ms Clare Denvir**, Policy Officer for Aid Effectiveness and Relations with Member States, Directorate-General for Development, European Commission

Ev 25

Monday 2 June 2008

Mr Shahid Malik MP, Parliamentary Under-Secretary of State, **Ms Bella Bird**, Head, DFID Nepal, **Mr Mike Hammond**, Head, DFID Ghana, and **Ms Sarah Cooke**, Head of Aid Effectiveness and Accountability, Department for International Development

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List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2007-08

First Report	DFID Departmental Report 2007	HC 64 (HC 329)
Second Report	Development and Trade: Cross-departmental Working	HC 68 (HC 330)
Third Report	Work of the Committee 2007	HC 255
Fourth Report	Reconstructing Afghanistan	HC 65 (HC 509)
Fifth Report	Maternal Health	HC 66 (HC 592)
Sixth Report	DFID and the World Bank	HC 67 (HC 548)
Seventh Report	DFID and the African Development Bank	HC 441
Eighth Report	Scrutiny of Arms Export Controls (2008): UK Strategic Export Controls Annual Report 2006, Quarterly Reports for 2007, licensing policy and review of export control legislation	HC 254

Session 2006-07

First Report	DFID Departmental Report 2006	HC 71 (HC 328)
Second Report	HIV/AIDS: Marginalised groups and emerging epidemics	HC 46-I&II (HC 329)
Third Report	Work of the Committee in 2005-06	HC 228
Fourth Report	Development Assistance and the Occupied Palestinian Territories	HC 114-I&II (HC 430)
Fifth Report	EU Development and Trade Policies: An update	HC 271 (HC 622)
Sixth Report	Sanitation and Water	HC 126-I&II (HC 854)
Seventh report	Fair Trade and Development	HC 356-I&II (HC 1047)
Eighth report	DFID's Programme in Vietnam	HC 732 (HC 1062)
Ninth report	Prospects for sustainable peace in Uganda	HC 853 (HC 1063)
Tenth report	DFID Assistance to Burmese Internally Displaced People and Refugees on the Thai-Burma Border	HC 645-I&II (HC 1070)

Session 2005–06

First Report	Delivering the Goods: HIV/AIDS and the Provision of Anti-Retrovirals	HC 708–I&II (HC 922)
Second Report	Darfur: The killing continues	HC 657 (HC 1017)
Third Report	The WTO Hong Kong Ministerial and the Doha Development Agenda	HC 730–I&II (HC 1425)
Fourth Report	Private Sector Development	HC 921–I&II (HC 1629)
Fifth Report	Strategic Export Controls: Annual Report for 2004, Quarterly Reports for 2005, Licensing Policy and Parliamentary Scrutiny	HC 873 (Cm 6954)
Sixth Report	Conflict and Development: Peacebuilding and post-conflict reconstruction	HC 923 (HC 172)
Seventh Report	Humanitarian response to natural disasters	HC 1188 (HC 229)