

# **DFID's medium term action plan on aid effectiveness**

## **Our response to the Paris Declaration**

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Policy Division, Department for International Development  
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## Executive summary

1. The Paris Declaration on Aid Effectiveness, signed at the DAC High Level Forum in February 2005, set commitments and targets for donors and partner countries to increase the pace of improved aid effectiveness. The UK and EU also made additional commitments in Paris underlining the importance of this agenda. Earlier, in November 2004, EU Ministers agreed a set of actions to promote more joint working and a better understanding of progress on aid effectiveness at the country level. The DAC launched a baseline survey in May 2006 and the EU took further decisions to improve the effectiveness of its aid in April 2006.
2. DFID has played a leading role in promoting aid effectiveness and harmonisation – both through its country programmes, and in international discussions. As overall aid volumes rise, it is more important than ever to continue doing this. In the short term we are looking for improved donor behaviour as described in the Paris Declaration. But this will only take us so far in improving the effectiveness of the international aid effort. In the longer term we need a substantial reorganisation of the donor effort, for example, through better division of donor support between and within countries, and reform of the international aid architecture.
3. This Action Plan sets out DFID's response to the Paris agenda and summarises the commitments and targets DFID to which has signed up.. Part One will be developed further to include country level targets and action plans as part of the DAC process of setting baselines for the Paris Declaration. Progress will be reported annually in the DFID Departmental Report and to the Management Board. Part Two outlines action needed to accelerate progress and draws from DFID experience to suggest future work on harmonisation. It describes how DFID will work with partner countries and other donors to improve the effectiveness of aid.
4. The Action Plan emphasises the importance of:
  - Strong assertive partner country leadership;
  - Building support around partner countries' own plans and priorities;
  - Joint operations. DFID needs to continue with pooled budget support and do much more on pooled capacity building;
  - Moving forward with innovative approaches in joint programming, joint strategies, joint offices and sharing staff;
  - Agreeing a better division of labour between donors at sector level.

5. The Action Plan identifies areas which we would like to see addressed in the future. These include:

- **Selectivity and aid allocation to countries:** the distribution of financial resources and donor activity across countries and sectors is uneven and in many instances not optimal in terms of aid effectiveness or poverty impact. We need to address the problem of donor orphans in the global allocation of aid. We need to consider how to be more selective about where we engage at the country/sector level and the scope for working more through others.
- **Strategic resource allocation to multilaterals.** Is the international aid architecture fit for purpose or could the division of labour between multilaterals be clearer? Is our approach to aid allocation to international organisations optimal? Should we take greater account of the multilaterals' performance on harmonisation and aid effectiveness and the potential benefits of channelling more resources through them over the medium to long term (e.g in terms of reduced transaction costs, scope for progress on predictability).
- **Strengthening donor accountability on aid effectiveness.** This Action Plan is a step towards strengthening DFID's accountability for progress on Aid Effectiveness. However, there is still a long way to go to strengthen donor accountability at the country, regional and international level. We should support the DAC monitoring of the Paris Declaration and promote more independent evaluations of donor performance at the country level.

6. Policy Division and the International Division Advisory Department working with Regional Divisions will work on these issues as part of the implementation of the Action Plan and the on-going Comprehensive Spending Review.

**It is important for DFID to step up its focus on improving the quality of aid – both in international processes and through country programmes.**

# Part one

## Action at the country level

The Action Matrix at Country Level is based on The Paris Declaration Indicators of Progress and additional EU and UK commitments. The Matrix uses the international Paris Declaration framework, shared by donors and partner countries, for assessing progress on aid effectiveness. It applies to all countries where DFID provides support. Country programmes will need to develop a range of actions at the country level to achieve these targets. Part Two of the Action Plan provides more detail on what these might cover.

Country level targets and action plans will be developed as part of the DAC process on setting baselines for the Paris Declaration. Progress will be reported annually in the DFID Departmental Report and to the Management Board. In year progress will be presented in the Quarterly Management Report.

### Indicators and targets at the country level to 2010

Paris Declaration indicators	Definitions and qualifying criteria	DFID action
<b>Ownership</b>		
<p>(1) <b>Partners have operational development strategies.</b>            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. <b>Paris Target: at least 75% of partner countries.</b></p>	<p>Partner countries have operational development strategies when they have substantially or largely developed operational development strategies in CDF methodologies.</p>	<p>Work with governments to develop a nationally owned and led development strategy that links to budget processes.</p> <p>Provide effective long term financial support to implement national strategies.</p>
<b>Alignment</b>		
<p>(2) <b>Reliable country systems.</b>            Number of partner countries that have procurement and public financial management systems that adhere to broadly accepted good practices <b>Paris Target: Half of partner countries move up at least 0.5 points on CPIA scale and one third of partner countries move up one point on the Procurement Scale of Performance.</b></p>	<p>CPIA scoring and Procurement Scale of Performance.</p>	<p>Work with Government and other donors to ensure 1) procurement and 2) financial management systems adhere to acceptable standards.</p> <p>Support to strengthen systems (eg. increased use of Public Financial Management Performance Measurement Framework. Support to develop and implement public financial management reform programmes etc).</p>

<p>(3) <b>Aid flows are aligned on national priorities.</b> Percent of aid flows to the government sector that is reported on partners' national budgets. <b>Paris Target: 85% of aid flows reported on budgets.</b></p>	<p>Aid flows to the Government Sector are reported on government's budgets. See DAC Baseline Survey guidance note for more details.</p>	<p>Ensure 100% aid to government is reported on national budget.</p>
<p>(4) <b>Strengthen capacity by coordinated support.</b> Percentage of donor capacity-development support provided through coordinated programmes consistent with partners national development strategies. <b>Paris Target: 50% of technical cooperation flows are implemented through coordinated programmes consistent with national development strategies.</b> <i>EU: All capacity building assistance to be delivered through coordinated programmes with an increasing use of multi-donor arrangements</i></p>	<p>See DAC Baseline Survey guidance note for definitions..</p>	<p>Work with partner governments to develop national capacity building programme.  Work with other donors to ensure joint support for capacity building (preferably to government owned and led programme).</p>
<p>(5) <b>Use of country systems</b> Percentage of aid flows that use partner country procurement and/or public financial management systems in partner countries. <b>Paris Target: reduce gap by 2/3 and 1/3 respectively for high and medium rated partner systems.</b> <i>EU: 50% of government to government assistance to be delivered through country systems including assistance provided through budget support or sector wide programme support.</i></p>	<p>PFM standard: CPIA score 3.5 and above.  Procurement standard: B or above on the procurement scale of performance.</p>	<p>Use partner procurement and/or public financial management where we have sufficient confidence in systems and a reform programme in place to address weaknesses  Increase use of flexible financing such as poverty reduction budget support where conditions are right to do so.</p>
<p>(6) <b>Strengthen capacity by avoiding parallel implementation structures</b> Number of parallel project implementation units (PIUs) per country. <b>Paris Target: Reduce by two thirds the current stock of parallel PIUs.</b> <i>EU: No new PIUs to be established.</i></p>	<p>Parallel PIU: PIU created outside the existing structure of the national implementing agency (eg. ministry or other agency) or which duplicate or recreate ministry functions.</p>	<p>Do not set up or work through parallel project implementation units.</p>

<p><b>(7) Aid is more predictable</b> Percent of aid disbursements released according to agreed schedules in annual or multi – year frameworks. <b>Paris Target: halve the amount of aid not disbursed within the fiscal year for which it was scheduled.</b></p>	<p>See DAC Baseline Survey guidance note for definitions.</p>	<p>Provide information on disbursement plans for inclusion in partner budgets, disburse PRBS in the first six months of the partner’s financial year, report actual against planned disbursements, noting the reasons for any divergence and commitments for 3 years ahead.</p>
<b>Harmonisation</b>		
<p><b>(8) Use of common arrangements or procedures</b> Percent of aid provided as programme based approaches. <b>Paris Target: at least 66% of aid flows are provided in the context of programme based approaches.</b> <i>EU: To develop a framework for joint multi annual programming. To encourage greater harmonised behaviour by multilaterals and other donors eg. through building a Roadmap process.</i> <b>UK: DFID will provide more than half of its country programme support (as defined by the DAC, see next column) as poverty reduction budget or programme support.</b></p>	<p>Covers aid to the government sector only.</p> <p>Programme based approaches: - national support (general budget and balance of payment support). - sector support (budget support at sector level and projects integrated in sector-wide approaches). - other programme based approaches. NB: Further technical guidance can be found in the DAC Baseline Survey guidance note.</p>	<p>Switch from projects to programme based support where conditions allow.</p> <p>Work with governments and other donors to agree a clearer division of labour which reduces the number of donors operating in a given sector.</p>
<p><b>(9) Encourage shared analysis</b> Percent of a) field missions and/or b) country analytic work, including diagnostic reviews that are joint. <b>Paris Target: 40% of donor missions and 66% of country analytic work are joint.</b> <i>EU: Uncoordinated missions will be reduced by 50%</i></p>	<p>Donor mission to the field are missions undertaken by officials to a partner country and that include a request to meet with officials (excluding workshops, conferences). Country analytic work includes diagnostic reviews, country or sector studies and strategies and country or sector evaluations and discussion papers.</p>	<p>Plan missions to include other donors and to an agreed government programme.</p> <p>Share documentation and analysis between donors.</p> <p>Increasingly support country led analysis i.e build capacity to analyse policy, support research and analysis in country for national strategies, sector plans etc.</p>

<b>Managing for results</b>		
<b>(10) Results orientated frameworks</b> Number of countries with transparent and monitorable performance assessment frameworks to assess progress against a) the national development strategies and b) sector programmes <b>Paris Target: Reduce by one third the number of partner countries without a framework.</b>	Partner countries have transparent and monitorable performance assessment frameworks when they score B or above on CDF scoring.	Work with government and other donor partners to develop a common framework for monitoring progress at national and sector levels.
<b>Mutual accountability</b>		
<b>(11) Mutual accountability</b> Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this declaration. <b>Paris Target: 100% partner countries have mutual assessment reviews in place</b>		Work with government and other donor partners to develop a mutual accountability mechanism to assess progress on improving aid effectiveness.  Provide joint support to strengthen governments capacity to manage aid effectively.
<b>(12) Conditionality</b>		Implement new DFID guidance on conditionality. Ensure conditions on DFID support are published on DFID's website.

## Action at the international level

	Implementation
Work to rationalise the international development architecture and to improve strategic resource allocation to multilaterals	International Divisions
All ISPs contain targets for improved aid effectiveness, all multilaterals self report against Paris indicators and annual progress monitored eg: <ul style="list-style-type: none"> <li>• Mid Term Reviews of IDA 14, AfDF X, AsDF IX and CDB SDF 6 review performance on harmonisation</li> <li>• Supplementary funding for AfDF (£27.5 million) and AsDF (£18 million) agreed in 2004 Replenishments and to be confirmed in 2006 to be linked inter alia to progress on harmonisation.</li> <li>• Future replenishments based on aid effectiveness assessment and evidence of impact eg. IDA14 additional tranche</li> <li>• Linkages established between DFID programmes and Framework for Joint EU Multi annual programming</li> </ul>	International Programme Managers and Regional Divisions

<ul style="list-style-type: none"> <li>• EU co-financing arrangement completed by June 2006</li> <li>• EU complementarity principles agreed by end of 2006</li> <li>• UN agency financing decisions include their commitment to implementation of the Paris declaration on Aid Effectiveness</li> <li>• Priorities for DFID engagement with multilaterals are reinforced at the country level</li> </ul>	Country Programme Managers
<p>Humanitarian reform initiative</p> <ul style="list-style-type: none"> <li>• Agreement to new CERF fund</li> <li>• UN reform of its Humanitarian Coordinator system</li> <li>• Improved benchmarks and monitoring systems to assess effectiveness</li> </ul>	CHAD
<p>Where global or vertical funds are delivering in country, the funds are aligned with national development programmes and country systems:</p> <ul style="list-style-type: none"> <li>• GEF</li> <li>• GF Aids TB and Malaria</li> <li>• CGIAR</li> <li>• Investment Climate</li> <li>• Infrastructure Facility</li> </ul>	DFID Fund Managers
<p>Agree ways to strengthen the Africa Partnership Forum to drive forward delivery of international commitments on Africa and monitoring of the Joint Africa Action Plan</p> <p>Keep Africa on the international political agenda and hold African leaders to account for their commitments through support to the Africa Progress panel.</p>	Africa Division working with IFID/PD
<p>Continued support for country led development including implementation of key findings from 2005 PRS Review. We should continue to support this approach and encourage others to do the same through:</p> <ul style="list-style-type: none"> <li>• Ensuring best practice and innovations in the PRS process are reviewed regularly by the IFI boards</li> <li>• Ensure the PRS process and country led development remain a central focus of the Africa Action Plan</li> <li>• Encouraging the World Bank/Fund to produce clearer guidance on alignment with PRS priorities and country level systems</li> <li>• Promoting scaling up through country led processes including more ambitious national poverty reduction strategies and effective results and resources consultative groups</li> </ul> <p>Engaging through country offices to ensure all Country Assistance Strategies have results targets that are clear and aligned to countries' PRSs or other national development plans.</p>	IFID/PD and Country offices

<p>Working with international organisations and other donors:</p> <ul style="list-style-type: none"> <li>Finalise definitions of indicators and targets for the Paris Declaration</li> <li>Agree an effective international process to complement country level monitoring of Paris indicators by December 2005 (including a process for establishing baselines and country level targets)</li> <li>Promote strategic approaches to aid allocation which address the problem of donor orphans.</li> <li>Work with DAC/World Bank to promote better forward planning of aid allocations at the country level e. 3-5 projections of aid flows</li> <li>Work with the DAC/EU and World Bank (internationally and at the country level) to improve the predictability of aid through better design of instruments and provision of longer term commitments</li> <li>Nordic+ : Joint training course development Approach to Selectivity Joint procurement initiative</li> </ul>	PD
	PD
	PD
	PD
	PD working with international and regional divisions TDU PD Procurement Dept

## Action at the regional level

	Implementation
Develop regional approaches to harmonisation which identify actions related to exit from country programmes, joint assistance strategies with other donors, joint programming with other donors, joint offices/staff arrangements	Regional Directors/Heads of country programmes
Where conditions are right agree long term (10 year) arrangements with partner countries or long term support to critical sectors (eg. education, health)	Regional Directors/Heads of country programmes
Ensure aid effectiveness is prioritised in country programme managers objectives	Regional Directors
Monitor and review progress on country level harmonisation indicators and action plans as part of the DDP process	Regional Directors
Encourage learning and sharing of best practice across the region and with other regional divisions	Regional Directors/Regional policy divisions

## Action at the corporate level

	Implementation
Discuss and agree policy for pushing forward on selectivity within and between partner countries.	Top Management Regional and Country programme Managers
Discuss and agree policy on improving delivery of technical assistance and promote best practice globally (eg. through the DAC).	PD
Agree policy for making progress on mutual accountability at the international level. Promote best practice on country level monitoring including roll out of independent monitoring processes across a wider range of countries.	PD working with International Divisions and Regional Divisions

Aid effectiveness, harmonisation and alignment assessed as part of Quality Assurance of CAPs.	CSG
Aid effectiveness flagged as a top priority in CSG guidance on completion of DDPs from 2006.	PD and CSG
Systems in place to track DFID progress against Paris Declaration targets.	Regional and Country programme managers/SRSG/CSG
Progress against Paris Declaration targets in published annually in DFID's Departmental Report from 2006/7.	CSG/PD
Progress on Action Plan reported in QMR from 2006	CSG
Report publicly on disbursements of PRBS	CSG
Implementation of DFID People Strategy published in 2005 reflecting resource and incentives needs in working to increase aid effectiveness.	HROD
Periodic reviews of implementation of Aid Effectiveness Action Plan for monitoring purposes and lesson learning.	PD
DFID procedures in Blue Books have the flexibility to meet joint donor/ partner working. Blue Book II provides clearer guidance/best practice on aid effectiveness issues.	PGG/PD
Evidence base on links between aid effectiveness and poverty reduction established.	PD
Support joint evaluation of progress on the Paris Declaration through the development of a shared evaluation framework.	EvD

## Part two

### Section one: Context and definitions

“To achieve the Millennium Development Goals it will not be enough simply to provide more aid, we need more and better aid.”

**Extract from Hilary Benn’s address to the Paris High level Forum on Aid Effectiveness**

1. At the Paris High Level Forum in February 2005, Ministers, heads of aid agencies and other senior officials representing some 60 developing countries and over 50 multilateral and bilateral development institutions met to find ways of making aid more effective.
2. At the core of the Paris Declaration are 56 commitments to action by donors and partner countries. These represent a shared agenda on aid effectiveness and give structure to taking action forward. 12 indicators were developed to assess progress on implementing those commitments.

**The five areas of partnership commitments of the Paris Declaration**

**Ownership:**

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

**Alignment:**

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

**Harmonisation:**

Donor’s 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

3. In addition to signing the Paris Declaration, the UK and the EU made further commitments aimed at pushing progress on aid effectiveness still further and faster.

<b>The Paris Commitments</b>		
<b>Paris Declaration – of the 56 commitments, 12 have associated measurable indicators and targets for 2010</b>	<b>EU commitments made at Paris</b>	<b>The UK commitments made at Paris</b>
<p>1. Increase the number of countries with national development strategies.</p> <p>2. Increase the number of countries with procurement and financial systems that adhere to broadly acceptable good practice or have a reform programme in place.</p> <p>3. Aid flows will be aligned on national priorities.</p> <p>4. Partner country capacity strengthened by coordinated support programmes.</p> <p>5. Donors will use country systems where they meet broadly acceptable good practice standards.</p> <p>6. Use of parallel project implementation units to be reduced.</p> <p>7. Aid disbursements will be more predictable.</p> <p>8. Aid will be untied.</p> <p>9. The increased use of common arrangements or procedures through programme based approaches.</p> <p>10. The increased use of shared analysis.</p> <p>11. More countries will have results based frameworks for monitoring progress of national development programmes.</p> <p>12. More countries will undertake mutual accountability assessments of progress in improving aid effectiveness.</p>	<p>1. The EU will provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements.</p> <p>2. The EU will channel 50% of government-to-government assistance through country systems, including by increasing the percentage of assistance provided through budget support or sector wide programme support.</p> <p>3. The EU will avoid the establishment of new project implementation units.</p> <p>4. The EU will reduce the number of uncoordinated missions by 50%.</p>	<p>1. The UK will reform its use of conditionality (paper published 2 March 2005).</p> <p>2. The UK will make more longer term aid commitments and give better notice of poverty reduction budget support disbursements.</p> <p>3. The UK will provide more than half of its country programmes as poverty reduction budget or programme support*.</p> <p>4. The UK will have more joint offices with other donors.</p> <p>5. The UK will keep its aid untied.</p> <p>6. The UK will improve the allocation of its aid with 90% going to low income countries from 2005/6.</p> <p>*relates to aid to the government sector and includes:  Programme based approaches:  - national support (general budget and balance of payment support).  - sector support (budget support at sector level and projects integrated in sector-wide approaches).  - other programme based approaches as defined in the DAC guidance.</p>

4. A few months earlier in November 2004 EU Ministers agreed that EU countries would consider a roadmap process to establish a framework for moving forward on harmonisation. In April 2006 the EU agreed a common format for country strategies to be used by the Commission in its current planning and adopted on a voluntary and gradual basis by Member States as the programming cycles allow. It was also agreed that the EU would develop operational principles to promote action leading to a better division of labour between member states between partner countries and at sector level in country (selectivity).

5. DFID has played a leading role in promoting aid effectiveness and harmonisation – both through its country programmes and in international discussions. As overall aid volumes rise it is more important than ever to continue to deliver more aid *better*. In the short term we are looking for improved donor behaviour as described in the Paris Declaration. But this will only take us so far in improving the effectiveness of the international aid effort. While aid effectiveness is essentially country focussed it carries important implications for the organisation and management of the international aid system. In the longer term we need a substantial reorganisation of the donor effort through reform of the international aid architecture and greater specialisation in terms of countries and sectors.

6. Our immediate goal is to apply these international commitments across the whole of our aid programme. This includes countries not signatories to the Paris Declaration (see annex two) and extends to our multilateral as well as bilateral support. The case for harmonisation and the best route for achieving it will depend on country circumstances.

- a. In good-performing aid-dependent countries we can reduce the demands from donors that are overloading government. Countries need space to develop and pursue their own development agendas; and they need increased resources with fewer strings attached.
- b. In fragile states where there is not a strong government-led poverty reduction agenda or extremely weak capacity, there is a danger of confusion of the donor effort. Donors need a common strategy for interacting with government and others to improve the quality of government decisions and to support service delivery especially to the poor.
- c. In non aid-dependent countries (including the middle income countries), donors are valued more for access to international policy thinking than for money. Since donors are more marginal to development progress, they need to pull together for greatest impact.

7. This plan is therefore about how DFID is taking action to meet international commitments on aid effectiveness. It draws on DFID's experience and suggests directions for future work on harmonisation and aid effectiveness. It outlines lessons and challenges and actions that

could improve the effectiveness of DFID and other donors' assistance. Country specific matrices will be drawn up following the DAC Report on the baseline survey for monitoring the Paris Declaration. This will give a clear picture of where the challenges of aid effectiveness at country level and DFID can tailor support to address these challenges. Similarly, the global challenges will be clearer and we can focus our work with other donors to further improve the ways we work together and the impact we have.

## **Eliminating world poverty: Making governance work for the poor**

### **2006 White Paper aid effectiveness commitments**

The UK Government has set out a new action plan (a White Paper) for the next five years. It explains how we will work with overseas governments and international partners to make sure promises made in 2005 change the lives of poor people. It sets out how future aid from the UK for developing countries will be spent on essential services to get children into school, people to health clinics and water to those who need it most. And it sets out how we will help governments and their citizens to take charge of their futures.

#### **Over the next five years, the UK will\*:**

##### **...deliver our promises:**

- fulfil the commitments we made in 2005 and work through the G8, United Nations and EU to ensure our partners do the same
- work with others to implement the Paris Declaration
- increase our development budget to 0.7% of GNI by 2013
- make sure our wider policies, as well as aid, support development and work to create an international environment that promotes development

##### **...help to build states that work for the poor**

- decide how to provide UK aid based on partner countries' commitment to reduce poverty, uphold human rights and international obligations, improve financial management, promote good governance and transparency and fight corruption

##### **...help people have security incomes, and public services**

- commit at least half of all future direct support for developing countries to public services and agree ten year commitments with developing countries to do this

##### **...and create an international system fit for the 21<sup>st</sup> century**

- work with others, and use our resources and influence, to push for change in the international system, including greater accountability to developing countries
- work more closely with European partners to promote development
- participate in multi-donor arrangements in all developing countries where we have a bilateral programme and develop more joint strategies and co-financing with the EC and EU Member States
- push for the OECD to monitor and hold donors to account on their development commitments.

\* Full text is available at <http://www.dfid.gov.uk/wp2006>

## Section two: lessons and challenges

### What we have learned and what we should do more of

8. *Promote partner country leadership.* Countries where this agenda is making real progress are those where government is leading the process – a top priority is to increase governments' capacity to take the lead on getting donors to work more effectively together to government priorities. An international system is needed that enables countries to lead on development and include clear responsibilities between all those involved. Donors must look at how they can contribute to enable informed choice and national management of the international development system.

9. *Strengthen mutual accountability mechanisms.* Donors are rarely held to account for their performance nor are their commitments monitored. There is emerging evidence that independent reviews of donor performance and agreed frameworks for monitoring performance can encourage substantial changes in donor behaviour. We therefore need to increase the development and use of robust systems for reporting effectiveness at country level. This will include partner country monitoring of performance, peer reviews and internal performance and monitoring systems.

10. *Provide more flexible joint financial support.* There is emerging evidence that joint programmes including pooled budget support provide a good mechanism for harmonising and aligning donor support around country led poverty reduction strategies. We will put resources through PRBS where the conditions are right. . However, there is little evidence as yet that this has resulted in falling transaction costs for partner governments. Although too early to fully evaluate the overall impact of this change in approach on poverty reduction the recent DAC Evaluation of Direct Budget Support has provided useful information on what we can expect from direct budget support and where we need to refine our expectations.

11. Part of the reason that transaction costs have decreased less than expected is that many donors have not stopped doing other things. The overall composition of aid (more joint programme support and fewer projects) will have to change for transactions costs to fall significantly. In taking this forward we should wind down projects responsibly. We should also co-ordinate our policy dialogue around budget support to minimise the burden on partner governments.

12. *Improve coordination of technical assistance in support of long term reforms.* Technical assistance tends to be delivered through ad hoc donor programmes often with limited government ownership. Harmonisation of technical assistance in support of longer term reforms to build effective states will increase the impact of aid on poverty reduction.

## **Aid effectiveness in practice**

In many countries DFID is working with others to develop **joint country assistance strategies**. These have taken a number of forms depending on the country context, for example in Tanzania the government has taken a strong lead in developing the strategy whereas in Uganda the government has been content to set clear partnership principles while we've worked with the World Bank and the Netherlands on a joint strategy. In Cambodia we developed a joint country strategy with the ADB, UN and World Bank through an extensive joint planning process, while in Nigeria a DFID-World Bank strategy was produced much more rapidly by drawing on largely existing material. In Zambia the Harmonisation in Practice initiative, stimulated by the Nordic+ Directors General in 2003, has grown into the development of a donor wide Joint Assistance Strategy. In Kenya too a process is well underway to develop a multi-donor joint assistance strategy with a number of separate building blocks that will allow all donors to sign up to at least some of the strategy. In Indonesia we are working on a joint strategy with the ADB and the World Bank.

We are **sharing staff** in Ghana (a public financial management adviser based in the EC), Malawi, and Rwanda (where we fund an economist in the EC and share an economic adviser with the Dutch). The UK is joining together with the Netherlands, Norway, Denmark and Sweden to create a single multi-donor operation and have established a joint donor office in Juba, Sudan.

Other examples of **joint working** include multi-donor trust funds in East Timor, Sudan, Afghanistan as well as a number of countries where we have joint partnerships with others. In Rwanda SIDA and DFID have formed a joint programme for education which we lead with SIDA as the partner. In Malawi DFID is channelling funds from the Dutch into the education sector. In Uganda we have been the joint programme partner to the Dutch, with them in the lead, in Justice, Law and Order since late 2001. We subsequently extended this collaboration to include Procurement, where we maintain a limited interest but the Dutch and World Bank lead, and HIV/Aids where we represent the Dutch. In some countries we have supported plans for coordinating strategies more closely within the EU – and have already made good progress in Bangladesh and Vietnam.

In many middle-income countries, and in some low-income countries like Cambodia, the focus of our work is entirely on **joint working with multilateral agencies**. DFID India has supported others to undertake programmes within the health sector (ie. the WHO for polio, UNICEF for reproductive health), as well the ILO to address child labour, and the ICRC to tackle conflict in Kashmir. In Vietnam DFID has supported work on HIV/Aids through a joint programme with the WHO leading.

With our Nordic+ Group colleagues and respective Government partners we have agreed to **reduce the number of donors per sector** in Tanzania, Uganda and Zambia.

13. *Promote innovation and learn more about what works.* We know less about the benefits of joint planning and aid management processes (eg. joint assistance strategies, shared offices, working through others etc). However, lack of alignment of donor and government planning cycles, the plethora of diagnostic work and donor overcrowding at the sector level are undermining country ownership and government capacity. We should encourage innovation and apply these new approaches in country contexts where they make sense. We should support EU targets in these areas and evaluate their impact on aid and DFID effectiveness.

14. *Have a clear vision for how we want the international system to change.* This requires us and others to set out how we can address the five key structural problems in the international system: insufficient voice and choice for developing countries, donor fragmentation, incoherent aid allocation decisions, insufficient mutual accountability and a lack of stability and predictability of aid. We need to be clearer about our aspirations for the roles and functions of all the international agencies in an increasingly effective system. In each, the implications for DFID need to be worked through, including reviewing the balance of our multilateral and bilateral allocations.

15. For this approach to have an impact on the Millennium Development Goals, we need to be confident that the International Community is delivering better aid in support of poverty reduction. This means making sure the multilateral system is effective. It means getting Global funds to deliver harmonised assistance in support of country led approaches – for examples initiatives to promote “better aid” like the “three ones”

### **Other important lessons**

16. *Country specificity.* Although broad definitions exist, every country is characterised by its own mix of political and economic circumstances. The pace of change and the triggers for beginning that change will also be country specific. The partner government’s ability to lead change will depend on the capacity and commitment of ministers and their staff. Significant progress can be made where these are supported and encouraged eg. by being a signatory to the Paris Declaration, collective donor support for a poverty reduction strategy. In some instances partner governments may also need support to strengthen their own capacity to manage aid effectively.

17. *Do not undermine weak capacity.* In fragile states or where partner government capacity is weak, donors need to work harder to ensure ownership. The key is to recognise and build on “good enough government” and avoid undermining emerging systems and government institutions eg. through setting up parallel project implementation units, poaching government staff.

18. *Building government systems.* Fundamental to long term development partnerships is the need to address partner government demands for predictable funding while maintaining a strong focus on donor fiduciary risk concerns. Strengthening partner country systems and then using them is therefore imperative.
19. *Benefits of common basket funding.* Real management costs will decrease as funding switches to common basket approaches. Other benefits will depend on type of funding (separate or pooled) and the type of management (partner or individual donor systems) and will increase with the use of common procedures. Common funding approaches are more successful where they allow a mix of pooled funding (often constrained by national systems) and parallel funding (often quick disbursing). However, the balance needs to be carefully managed to avoid a drift back to projectised working, particularly where individual donors consider their access to government has been reduced.
20. *Joint strategies.* Joint strategy work is as much about the process as about the end product. Benefits will accrue through donors and government working together and developing a shared understanding of objectives. Further benefits come as joint analyses become the basis for country programming. Common procedures, simplified reporting and a reduction in missions will reduce transaction costs.
21. *Immediate returns cannot be expected.* Reducing the management cost burden on donors and partner governments will not reap immediate benefits. In the short term management costs may shift from governments to donors as coordination of common donor positions becomes more important. In the longer term as streamlined consultation processes are established, management costs on both donors and governments should ease.
22. *Use international commitments to push for change.* Commitments made at Paris and through the EU process provide real opportunities to challenge donor behaviour and promote country led harmonisation processes which challenge the status quo. The EU Roadmap process is a useful tool, at the country level, for initiating an examination of what is or is not already happening. This can lead to the development of a framework for increasing donor coordination around partner country priorities.
23. *Build on close working relationships with other donors* eg. the World Bank can provide useful opportunities to push further on joint strategy development. These are costly processes and we need to ensure we learn how to make them as effective and efficient as possible. Personalities will make a difference, committed personnel can make significant progress in drawing in government and donors. Opportunities for joint offices and shared staff are good promoters of closer working.

24. *Work strategically across DFID with other donors.* Significant progress has been made by building strong alliances with other donor groups to increase the level of ambition for progress at Headquarters level. The Nordic+ and EU have used collective leverage to secure challenging targets for the Paris Declaration. DFID has called for improvements in the quality and impact of UN development operations and is supporting the reforms now underway. We have been pressing the World Bank to follow through on aid effectiveness commitments and we have been active in the Poverty Reduction Strategy Review process. We need to communicate these commitments to country offices and ensure other donors are held to account for their implementation at the country level.

25. *Mainstreaming messages and corporate systems.* Increasing aid effectiveness has been mainstreamed throughout DFID. Top management messages, target setting in Director's Delivery Plans, changes in country based job descriptions and revised programme management training have all contributed to providing a sound political and management basis for making progress. Country offices should be encouraged to challenge central policy thinking. We should consolidate progress and strengthen accountability across the organisation for progress.

## **Emerging trends from initial analysis**

In the Autumn of 2005 DFID conducted an initial survey across most of our PSA focus countries\* to gauge DFID perceptions of the likelihood of achievement of the Paris Declaration targets for the indicators of progress using the preliminary definitions available. The following trends emerged:

### **Aid reported on budget**

Good progress is being made. Less well performing countries were fragile states where PRS development and conflict resolution were inhibiting factors.

### **Use of country systems**

For most countries the DAC targets were likely to be met by 2010. Emerging reform systems in fragile states offer pose a particular challenge.

### **Capacity development through multi donor support programmes**

Using a loose definition the data confirmed that most capacity development is delivered in conjunction with other donor programmes but the data is less robust when considered against support to partner countries' capacity development strategies.

### **Aid released on schedule**

DAC target expected to be met where PRBS used although this would depend on the specific context for each agreement.

### **Aid through Programme Based Support**

For most countries the DAC target would be met by 2010 or earlier. This has the added impetus of being part of DFID efficiency targets.

### **Joint missions and shared analytical work**

For most countries the DAC target would be met by 2010 or earlier. However, concrete data and final definitions were not available and more work to ensure joint missions that reduce the burden on partner governments and to use shared analytical work will be needed.

### **Performance Assessment Frameworks**

For most countries progress is being made and the DAC target should be met by 2010 or earlier.

### **Mutual Accountability Framework:**

For most countries early work is progressing and the DAC target should be met by 2010 or earlier.

\*Africa: DRC, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, Sierra Leone, Sudan, Tanzania and Uganda  
Asia: Afghanistan, Bangladesh, Cambodia, India, Nepal, Pakistan Vietnam  
Other: Jamaica, Kyrgystan, Nicaragua, and Yemen

## **Section three: DFID'S action plan**

### **What we will do to improve the effectiveness of our aid**

26. In order to secure better aid effectiveness the following set of actions will characterise the DFID aid programme.

#### **Improving the aid architecture in support of poverty reduction**

27. *Reform of the PRS process.* DFID will work with the World Bank/IMF, partner governments and other donors to improve the PRS process in its dual role as a domestic state/society compact and as a framework for external resource allocation. We will encourage a more flexible approach linked more closely to existing planning processes and accountability systems. Partner governments need to evolve the PRS into a domestic state-society compact for poverty reduction which guides domestic policy and the allocation of domestic and donor resources. Development partners (including the UN) need to support this. In fragile states we would like to see more use of planning frameworks (such as the Transitional Results Matrix) which bring together defence, diplomatic and development programmes.

28. *Improving developing country voice.* We will work to redress an imbalance that at present is not just inequitable: it can erode the institutions' legitimacy, under-utilise the global reach of emerging economic powers (such as China and Brazil) and deprive aid decisions of effective demand side signals. For example, we will work to strengthen the Africa Partnership Forum and use this to strengthen accountability for commitments included in the Joint Africa Action Plan.

29. *Global and vertical funds better match national plans and systems in partner countries.* We will work to improve the quality of global and vertical funds and build on best practice on combining such funds with country led delivery (e.g Fast Track Initiative for Education). We have developed a toolkit for working with global funds to ensure better impact without cutting across national priorities and systems.

30. *Improved aid allocation across countries and across sectors in-country.* We are allocating at least 90% of our bilateral aid to low-income countries. We will work with international aid donors and agencies to ensure fairer aid allocations across countries and between sectors in-country. We should look at the opportunities offered by joint financing and delegated cooperation to act as mechanisms for balancing aid allocations.. It is important to continue to track and encourage work on aid allocation in the Development Assistance Committee.

#### **Matching aid with country priorities and use of country systems**

31. *Reforming our use of conditionality.* DFID will not make aid conditional on specific policy decisions by partner countries, but will

monitor progress on the basis of agreed benchmarks drawn from partners' own poverty reduction strategies. We will consider withdrawing committed aid only if partners move away from their commitments to poverty reduction, human rights and other international obligations, or sound financial management (including tackling corruption).

### **Agreeing and recording partnership commitments**

#### **What understandings do we need to record?**

We need to reach an understanding with partner governments that our relationship is based on a commitment to:

- 1) poverty reduction and the MDGs;
  - 2) respecting human rights and other international obligations;
- and
- 3) strengthening financial management and accountability, which reduces the risk of funds being misused through weak administration or corruption.

We need to communicate to our partner governments:

- that a violation of any of these commitments might lead to aid being interrupted, reduced, suspended, or delivered in a different way;
- what, if any, specific conditions are attached to our country programme to underpin these commitments;
- how we will assess progress on these three partnership commitments, including the use of benchmarks to inform this assessment; and
- how decisions will be taken to reduce or interrupt aid.

32. *Increasing the predictability of our aid.* More predictable aid enables government budget processes to work efficiently in the short term, and gives recipients the confidence to plan better in the long term. The Paris Declaration commits DFID to disburse at least 75% of the relevant aid according to agreed annual or multi-annual schedules by 2010.

33. DFID will provide information to recipients on disbursement plans (including within-year phasing) for the coming fiscal year, at a time and in the form needed for finalisation of their budget. We will aim to disburse all Poverty Reduction Budget Support (PRBS) in the first six months of the partner's financial year. In year disbursements of PRBS, will be fixed, subject only to fundamental conditions relating to commitment to poverty reduction, adherence to human rights, and fiduciary issues. We will report publicly in our annual report on disbursements of PBRs for the year (comparing actual with planned disbursements, noting the reasons for any divergence); and on commitments for 3 years ahead.

34. In addition, where Poverty Reduction Strategies are working well, and DFID provides PRBS, we will increase rolling multi-year PRBS arrangements. Where appropriate we will look to develop long-term agreements with other countries that are committed to poverty reduction and good governance, building on the experience of the agreements signed so far.

35. *Increasing our use of country budget processes, financial management and procurement systems.* The Paris Declaration commits donors to ensuring 85% of their aid flows to governments are reported 'on budget' by 2010, and to increasing the percent of their aid flows that use partner country procurement and/ or public financial management systems. We will by 2007/8 provide more than half of our country programme resources in the form of poverty reduction budget support or programme support. The EU has committed to do this by 2010. Less ambitious, the Paris Declaration committed donors to provide at least 66% of their aid through programme based approaches by 2010.

36. We will work with other donors and developing countries to develop *joint approaches to assess the quality of systems*. Considerable work has been done on developing common frameworks for assessing the quality of governments' financial management and procurement system. We will use these joint approaches to assess the quality of systems, to provide a basis for capacity development in these areas and to assess risks associated with delivering aid through government systems. In particular, we will press for increased transparency of current assessment systems by opening up the processes of Country Policy and Institutional Assessments and moving forward on rolling out country level assessments such as Public Expenditure Framework Assessments.

37. *Use of partner country monitoring frameworks.* We will use and encourage others to use joint monitoring and performance assessment frameworks that use country based indicators. We will work with governments to strengthen statistical and poverty monitoring systems where these are weak.

38. *Strengthening the capacity of partner governments.* Successful capacity strengthening is a crucial part of supporting developing country governments to reduce poverty. The Paris Declaration committed donors to work together to strengthen capacity in developing countries in support of objectives set by the countries themselves (delivering 50% of funds in this way) and not to work through project implementation units (PIUs) that undermine existing government systems. It set a target of reducing the number of PIUs by two thirds by 2010.

39. As part of the EU, DFID is committed to providing capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements by 2010, and to avoid the establishment of any new PIUs. DFID programmes will aim to provide

co-ordinated support to build government capacity to lead on harmonisation and aid management including development of harmonisation action plans.

40. Improved delivery of technical assistance is an area where DFID has a long way to go. Policy work is on-going in DFID and internationally on how to deliver better technical assistance to promote longer term state building. Also, technical assistance as part of a general budget support package has positive effects but will need to work at decentralised levels to match service needs. This is an area where we need to make faster progress.

### **Improving the way donors work together**

41. *Developing frameworks for harmonising donor support.* In April 2006 the EU agreed on a common format for country strategy papers. This could provide a framework for joint multi annual programming not just within the EU but with other bilateral and multilateral donors. Closer donor working can be accelerated by setting clear and monitorable targets, through a Roadmap process or through building on other initiatives ongoing at the country level such as harmonisation action plans. DFID wants these plans to be government owned and led where possible.

#### **EU common format for country programming**

In April 2006 EU Ministers endorsed a new format for EU country programmes that will be adopted on a voluntary and gradual basis by EU Member States with EC Country Programming using this format for their immediate country programming exercise. The format offers an opportunity for the EU to develop joint multi annual programmes.

This is of particular relevance in African countries as the EC is about to develop a new set of strategies, using this new format, in all African, Caribbean and Pacific (ACP) countries.

The nature of engagement with the new format will of course be country specific. In some cases, there might be a joint EC-DFID strategy – jointly developed and jointly agreed and it would make sense to use the EU common format. In most cases, however, there will still be a separate DFID Country Assistance Plan. It will be important to take into account the work of the EC and any other Member State who are developing country programmes using the EU common format and to consider how our programmes link.

42. *Increasing the number of joint missions.* The Paris Declaration committed donors to increase the proportion of field missions from donor HQs that are undertaken jointly, and to increase the proportion of country analytical work (which includes diagnostic reviews) that is jointly undertaken. The EU has committed to work towards a 50% reduction in unilateral missions by 2010. Establishing common objectives with like

minded participants in a well structured and organised mission will both improve the outcomes for the mission and reduce the burden on partners repeating business with a stream of visitors.

43. *Joint approaches to country programming.* We will review the effectiveness of using joint strategies for country programming. The EU common format for country strategy papers offers good opportunities for joint working with other EU Member States and with the Commission. We would not expect this to immediately replace DFID's country strategies but over time, and as the opportunities for closer working arise, DFID will use the common format for joint multi annual programming across a number of donors. It is important make the link between this and joint country programming with other multilaterals (World Bank, Regional Development Banks) and other non-EU partners. We will do more joint analytical work ideally led by partners in developing countries, share risk analysis and do more joint programming. We will also look for opportunities to work with other donors to develop ambitious strategies to promote greater aid effectiveness. We are committed to conducting joint evaluations with other donors and partners.

44. *Increased sharing of staff, use of joint offices and development of common procedures.* We will look for opportunities where sharing resources (staff, offices) would add value to the total donor work in a partner country. In collaboration with other donors and donor groups we will work on the development of good practice guidance and agree common standards or practices for aid management.

### **The Nordic+ complementarity principles:**

- Each Nordic+ donor will aim **in principle** at focusing its active involvement with partner governments in a maximum of three sectors which meet the following criteria :
  - The partner government has formally identified the sector as a priority in its poverty reduction strategy (or equivalent)
  - The Nordic+ donor has a comparative advantage, eg long experience in the sector and knowledge of the sector institutions; possesses technical expertise; has the ability and capacity to take on a lead donor role, and is trusted by the government and the other donors
- The Nordic+ donors will seek to be represented in all strategic sectors as defined by the partner government by a minimum of one and a maximum of three donors.
- In each priority sector, the Nordic+ donors will seek arrangements among all donors to the sector on a lead donor arrangement between active donors that combines regular rotation of responsibilities with the need for continuity. Troika or similar shared lead donor models could be considered, with a rotation period that correspond to the length of the assignment of the responsible officer of the lead donor. The lead donorship role might differ due to the varying need and situation in a sector.
- The Nordic+ donors will be guided by the partner countries in the selection of sectors and division of labour. The partner countries will be encouraged to map donor involvement in each sector and to identify on the basis of this and their poverty reduction strategies areas for increased support and areas that could be given lower priority. The partner countries will also be encouraged to indicate their preferences as to which donors should be actively involved in each sector.
- If the sector is strategic and/or there is a financing gap the donor may enter into a delegated cooperation agreement with another donor and hereby delegate authority to the other donor to act on its behalf towards the partner government. A delegated cooperation role in a sector can be additional to the maximum of three sectors where the Nordic+ donor is engaged.
- Nordic+ donors will consider issues of staffing requirements as a consequence of a division of labour and strive to reach complementary arrangements also regarding staffing.
- Under the leadership of the partner country, field offices and headquarters of each of the Nordic+ donors will work together to identify sectors in which to remain and propose exits from sectors from which they shall withdraw. The Principles should in no way lead to a reduction of the level of aid from any of Nordic Plus donor to the partner country. Increased budget support, or increased level of funding to a priority sector should make up for the reduction in aid to a particular sector from which a Nordic Plus donor exits.
- The headquarters of the Nordic+ donors are committed to provide endorsement during the process of establishment of the division of labour in order for final negotiations to be concluded successfully at country level.
- Nordic+ donors shall aim at a long term perspective with a minimum of 5-7 years, or a minimum of two periods of a national poverty reduction strategy, in its active engagement in a sector.

45. *Better division of labour between donors.* The Paris Declaration commits donors to work to their strengths and delegate authority to lead donors for the execution of programmes and activities. Through work with the DAC and EU, DFID has already begun to look at the issue of how many donors are working in partner countries. Together with our Nordic+ partners we have agreed a set of guiding principles to improve sector representation in Zambia, Uganda and Tanzania. We will do further work on selectivity and review the scope for limiting the number of donors operating in each sector through the EU commitment to developing operational principles by the end of 2006.

### **Strengthening donor accountability**

46. *Encourage greater use of mutual accountability frameworks.* We support the introduction on new processes to strengthen mutual accountability. In particular we will encourage country led processes for monitoring progress against indicators and targets agreed at Paris. We will encourage independent monitoring of donor/partner country performance and learn from emerging practice in countries such as Mozambique, Tanzania and Vietnam.

47. We will continue to support regional and international mechanisms for mutual accountability and encourage the use of in country generated information and build their capacity to put in place follow up action.

48. We will contribute to global monitoring and evaluation of performance through the DAC. We will do this both through self reporting and through the development of a monitoring system to review progress against Paris commitments to feed into reviews of the Paris Declaration in 2008 and 2010.

### **Fragile states**

49. *Work more effectively in fragile states.* DFID's Fragile States policy commits us to review aid allocations; provide more staff to work on fragile states; invest in understanding when states are at risk of instability; provide longer-term more predictable aid; ensure policy coherence across Whitehall; work more through non-state actors where appropriate; harmonise with other donors and align assistance to government strategies and systems where possible; support targeted reforms that reduce the burden on governments; better link humanitarian and development aid; find better ways of delivering aid; and support regional and international policy development.

### **Improving the performance of the multilateral agencies**

50. *Working to improve the way the multilateral agencies support partner countries:* The Multilateral Effectiveness Framework (covering the World Bank, UN, RIDBs and EC) perspectives of internal

performance, country level results and partnerships will be used to inform financing decisions, for DFID institutional strategy development and monitoring and as part of our Public Service Agreement monitoring process. The country level results will include accelerating progress on joint country planning as appropriate, joint analytical work and more joined up technical assistance. For the UN, we will work to promote the use of the CCA and the UNDAF as the primary analytical, programming, and monitoring and evaluation tools used by the UN at country level and to establish UN Resident Coordinator management authority over and accountability for the delivery of the UNDAF. Through our engagement in their governing bodies we will advocate self-reporting by all multilaterals on the Paris Declaration.

51. In support of the UN system response to the global AIDS epidemic, we will ensure that UNAIDS co-sponsors and other multilateral development and humanitarian agencies, plan, implement, and monitor HIV/AIDS actions in line with global priorities on universal access to prevention, care and treatment and in ways which reinforce the aims of the DAC aid effectiveness and UN reform commitments, in particular the agreed actions of the 'Global Task Team on Improving AIDS Coordination among Multilateral Institutions and International Donors'.

52. We will agree and monitor specific actions that multilaterals and global funds are taking to improve their performance on aid effectiveness and we will work at the country and headquarters levels to ensure these are being implemented in practice.

### **Corporate support**

53. *Improved monitoring and reporting on aid effectiveness.* We will monitor progress on aid effectiveness as part of routine DFID systems. Targets and monitoring indicators will be included in Directors Delivery Plans and Country Assistance Plans. Progress will be monitored and published as part of our departmental report.

54. *Ensure DFID staff have the necessary skills to improve aid effectiveness.* Through the DFID People Strategy we will better forecast, recruit, motivate and retain staff with a diverse set of skills, experiences, needs and aspirations.

55. *Improve the aid effectiveness evidence base.* We will examine and disseminate evidence on the links between aid effectiveness and improving poor people's lives using monitoring, evaluation and evidence gathering to assess "what works". We will support efforts to evaluate the impact of harmonisation on aid effectiveness and poverty reduction. This will be taken forward by the DAC as part of the follow up to Paris.

56. *Support cutting edge policy on aid effectiveness:* We will continue to pursue ambitious new policies and approaches on aid effectiveness which draw on evidence of impact. In particular we will focus on

improving policy on technical assistance, predictability and selectivity. We will ensure best practice on aid effectiveness policy is included in DFID guidance including Best Practice Guidance Notes.

*57. Develop better tools for joint working with other donors.* We will continue to improve the flexibility of the tools we use to deliver aid. Principles for delegated cooperation to other donors, joint financing arrangements, joint procurement arrangements and shared audit arrangements are all examples of current initiatives.

*58. Data collection.* We will continue to develop data collection mechanisms that enable us to report on how we are meeting our international commitments. This includes ensuring ARIES and Catalyst are designed to meet the information needs of the aid effectiveness agenda.

# Annex I

## The donor Paris Declaration commitments in brief<sup>1</sup>

### Ownership:

- Donors will respect partner country leadership and to help strengthen their capacity to exercise it.

### Alignment:

- Donors will base their overall support (country strategies, policy dialogues, capacity building programmes) on partners' national development strategies and on reviews of progress. Conditions, where possible, will be drawn from partners' national development strategies. Other conditions, if needed, would be drawn up in joint consultation.
- All donor funding should be linked to a single framework of conditions or set of indicators.
- Donors and partner countries will develop an agreed framework to assess country systems. Assessment of these systems will be streamlined and integrated within country led strategies.
- Donors will use, and strengthen, country systems where possible. They will avoid creating project implementation units that work independently from, or to the detriment of, government systems.
- Donors will align analytical and financial support with partner country strategies, using and strengthening existing in country capacity.
- Donors will provide predictable funding against a multi year framework and rely, where possible, on partner government accounting mechanisms.
- Donors will continue to make progress on untying aid.

### Harmonisation:

- Donors will implement action plans on follow up to the Rome HLF.
- Donors will use common arrangements where possible for planning, implementing and monitoring support eg. through programme based support.
- Donors will reduce the number of separate, duplicative missions. They will promote joint training and lesson learning.
- Donors will make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, to lead donors. They will work to harmonise procedures.
- Donors will strengthen incentives for greater harmonised working.
- In fragile states donors will harmonise activities, align behind central government-led strategies where possible, avoid undermining national institutions and use an appropriate mix of aid instruments.
- Donors will strengthen the application of environmental impact assessments.

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<sup>1</sup> For the full commitments – both donor and partner country – see the Paris Declaration on Aid Effectiveness on the DFID Paris Declaration Teamsite or OECD-DAC Website.

**Managing for results:**

- Donors will link country programming to results aligned with partner country performance assessment frameworks and avoid introducing additional indicators outside partners' development strategies.
- Donors will use partner countries' results-orientated monitoring and reporting frameworks.
- Donors will harmonise monitoring and reporting requirements and rely more on partner countries' systems.

**Mutual accountability:**

- Donors will provide timely, transparent and comprehensive information on aid flows.
- Donors and partner countries will jointly assess mutual progress in implanting agreed Paris commitments, increasingly through objective country level mechanisms.

## Annex Two

### Paris Declaration signatories and DFID PSA countries (in bold)

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  
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  
The 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**

## **DFID PSA countries not original Paris signatories**

**Afghanistan** (now PD signatory)

**India**

**Lesotho**

**Nigeria**

**Sierra Leone**

**Sudan** (now PD signatory)

**Zimbabwe**