



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

DEVELOPMENT CO-OPERATION DIRECTORATE
DAC Working Party on Aid Effectiveness

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To: Members of the Working Party on Aid Effectiveness

Dear Colleague,

Thank you for your inputs to our very successful meeting of the Working Party on Aid Effectiveness (WP-EFF) earlier this month. I think we have made significant progress on reaching consensus on the Accra Agenda for Action (AAA).

Since we met, I have been working to produce a final draft of the AAA based on your comments and the decisions reached by WP-EFF, including chairing a very productive meeting of the Consensus Group in Paris this week. I now attach a further draft of the AAA and ask your permission, on a no-objection basis, to submit this to HLF-3 participants for endorsement in Accra. As agreed at WP-EFF, this draft will be circulated to all HLF participants on 8 August and will also be put on the Accra HLF website.

As we move to this final stage in the preparations for Accra, I would like to emphasise the significance of this AAA and the process that has produced it. Our preparations for HLF-3 have included an unprecedented level of consultation with a broad range of stakeholders to produce an action agenda that is truly owned and understood by all who will attend HLF-3 and be affected by its agreements.

Through the work of WP-EFF and its joint ventures, the regional preparatory consultations, the partner country contact group, the Advisory Group on Civil Society and the non-DAC donor group, we have ensured that the views of more than 80 partner countries, some 60 CSOs, all DAC donors and many non-traditional providers of development assistance have fed into this draft. The investment of time, energy and financial resources by all of us involved in this process has ensured we have a AAA which will support real progress in important areas such as predictability, use of country systems and strengthening accountability for results. I am proud of this achievement – I have not seen its equal in other processes – and I think you should be proud too.

It is important to understand that a document of this kind has to strike certain compromises in order to reach consensus among the various stakeholders. However I feel strongly convinced that the extraordinary consultation process and the resulting AAA proposal will have a strong impact on increasing aid effectiveness in the coming years.

I also attach, for your information, the covering letter to HLF-3 participants which will accompany the draft AAA on 8th August. This letter sets out my proposed arrangements for the final agreement on the AAA at Accra.

I am ready to take account of comments submitted by 5 August that do not affect the careful balance that has been struck in our extensive discussion process. However, any remaining critical concerns or proposals that your Ministers wish to advance should be addressed as set out in the AAA cover letter.

Thank you again for your hard work and support, and I look forward to a successful conference in Accra.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Jan Cedergren', is written over a large, stylized, light-colored graphic element that resembles a star or a large letter 'J'.

Jan Cedergren

ACCRA AGENDA FOR ACTION

Ministers of developing and donor countries responsible for promoting development and Heads of multilateral and bilateral development institutions adopted the following statement in Accra, Ghana, on 4 September 2008.

This is a moment of opportunity

1. We are committed to eradicating poverty, and promoting peace and prosperity, by building stronger, more effective partnerships that enable developing countries to realise their development goals.
2. Progress has been made. Fifteen years ago, one in every three people lived on less than one dollar a day; today, that figure has been reduced to one in five. Yet over one billion people still live in extreme poverty — the majority of whom are women. Just as many still lack access to safe drinking water. Nearly six thousand people die of AIDS each day. And new global challenges — rising food and fuel prices and climate change — threaten the advances against poverty already made by many countries.
3. We need to achieve much more if all countries are to meet the Millennium Development Goals (MDGs) by 2015. Aid is only one part of the development picture. Democracy, economic growth, social progress and care for the environment are the prime engines of development in all countries. Addressing inequalities of income and wealth within countries and between states is essential to global progress. Gender equality, respect for human rights, and environmental sustainability are cornerstones for achieving enduring impact on the lives and potential of poor women, men and children. It is vital that all our policies address these issues in a more systematic and coherent way.
4. In 2008, three international conferences will help us accelerate the pace of change: the Accra High-Level Forum on Aid Effectiveness, the United Nations MDG Summit in New York and the Financing for Development follow-up meeting in Doha. Today at Accra, we are leading the way, united in a common objective: to unlock the full potential of aid in achieving lasting development results.

We are making progress, but not enough

5. Learning from our past successes and failures in development co-operation, we adopted in March 2005 an ambitious set of reforms: the Paris Declaration on Aid Effectiveness. In Paris, we agreed to develop a genuine partnership that puts developing countries clearly in the lead. We also agreed to hold each other accountable for achieving concrete development results. Three-and-a-half years later, we are reconvening in Accra to review progress and address the challenges that now face us.
6. Evidence shows we are making progress, but not enough. A recent evaluation shows that the Paris Declaration has created powerful momentum to change the way developing countries and donors work together on the ground. According to the 2008 Monitoring Survey, a large number of developing countries have improved their management of public funds. Donors in turn, are increasingly improving their coordination at country level. Yet the pace of progress is too slow. Without further reform and faster action we will not meet our 2010 commitments and targets for improving the quality of aid.

We will take action to accelerate progress

7. Meeting three major challenges will be critical to accelerate progress:
8. *Country ownership is key.* Developing country governments will take stronger leadership of their own development policies, and engage with their parliaments and citizens in shaping them. Donors will support them by respecting country priorities, investing in their human resources and institutions, making greater use of their systems to deliver aid, and increasing the predictability of aid flows.
9. *Building more effective and inclusive partnerships.* In recent years, more development actors — middle-income countries, global funds, the private sector, civil society organisations— are increasing their contributions and are bringing valuable experience to the table. They are also creating management and coordination challenges. Together, all development actors will work in more inclusive partnerships so that all our efforts have greater impact on reducing poverty.

10. *Achieving development results — and openly accounting for them — must be at the heart of all we do.* More than ever, citizens and taxpayers of all countries expect to see the tangible results of development efforts. We will demonstrate that our actions translate into positive impacts on people's lives. We will be accountable to each other and to our respective parliaments and governing bodies for these outcomes.

11. We resolve to accelerate progress on these three challenges by i) Strengthening Country Ownership over Development, ii) Building More Effective and Inclusive Partnerships and, iii) Delivering and Accounting for Development Results.

Strengthening Country Ownership over Development

12. Developing countries determine and implement their development policies to achieve their own economic, social and environmental goals. We agreed in the Paris Declaration that this would be our first priority. Today, we are taking additional steps to turn this resolution into a reality.

We will broaden country-level policy dialogue on development

13. We will engage in open and inclusive dialogue on development policies. We acknowledge the critical role and responsibility of parliaments in ensuring country ownership of development processes. In order to further this objective we will take the following actions:

- a) Developing country governments will work more closely with parliaments and local authorities in the preparation, implementation and monitoring of national development policies and plans. In doing so, governments will engage with civil society organisations (CSOs).
- b) Donors will support efforts to increase the capacity of all development actors – parliaments, central and local governments, CSOs, research institutes and the private sector — to take an active role in dialogue on development policy and the role of aid in contributing to countries' development objectives.
- c) Together, developing countries and donors will ensure that development policies and programmes are designed and implemented in ways consistent with agreed international commitments on gender equality, human rights, disability and environmental sustainability.

Developing countries will strengthen their capacity to lead and manage development

14. Without robust capacity – strong institutions, systems and local expertise — developing countries cannot fully own and manage their development processes. We agreed in Paris that capacity development is the responsibility of developing countries, with donors playing a supportive role. Together, developing countries and donors will take the following actions to strengthen capacity development:

- a) Developing countries will systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels — national, sub-national, sectoral and thematic— and design strategies to address them. Donors will strengthen their own capacity and skills to be more responsive to developing countries' needs.
- b) Donors' support for capacity development will be demand-driven and designed to support country ownership. To this end, developing countries and donors will i) jointly select and manage technical co-operation, and ii) open the provision of technical cooperation to local and regional resources including South-South co-operation.
- c) Developing countries and donors will work together at all levels to promote operational changes that make capacity development support more effective.

We will strengthen and use partner country systems to the maximum extent possible

15. Successful development depends to a large extent on a government's capacity to implement its policies and manage public resources through its own institutions and systems. In the Paris Declaration, developing countries agreed to strengthen their systems¹ and donors agreed to use them to the maximum extent possible. Evidence shows, however, that developing countries and donors are not on track to meet their respective commitments. While progress has been made in improving the quality of country systems, this varies considerably between countries. At the same time, even when there are quality country systems, donors often do not use them. To strengthen and increase the use of country systems we will take the following actions:

- a) Donors agree to consider use of country systems as the first option for aid programmes in support of activities managed by the public sector.
- b) Developing countries and donors will jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools.
- c) Where there are quality systems, donors will use them. When donors continue to rely on aid delivery mechanisms outside country systems (including parallel project implementation units), donors will state transparently the rationale for this and will review their positions at regular intervals.
- d) Where country systems require further strengthening, countries will lead in defining reform programmes and priorities. Donors will support these reforms and provide capacity development assistance.
- e) Donors further agree to set out in a transparent manner their plans for undertaking their Paris commitments on using country systems; to provide staff guidance on how these systems can be used; and to ensure that internal incentives encourage their use.

Building More Effective and Inclusive Partnerships for Development

16. Aid is about building partnerships for development. These partnerships are all the more effective when they fully harness the energy, skills and experience of all development actors — bilateral and multilateral donors, global funds, civil society organisations and the private sector. We resolve to work in concert with all these actors in a more effective way to support developing countries' efforts to build for the future.

We will reduce costly fragmentation of aid

17. The effectiveness of aid is reduced when there are too many duplicating initiatives, especially at country and sector level. We will reduce fragmentation of aid, and extend its reach, by improving the complementarity of donors' efforts and the division of labour among donors. To this end:

- a) Developing countries will lead in determining the optimal roles of donors in supporting their development efforts at national, regional and sectoral levels. Donors will respect developing countries' priorities. In doing so, donors will ensure that new arrangements on the division of labour will not result in developing countries receiving less aid.
- b) We call upon the Working Party on Aid Effectiveness to continue to work on the division of labour with a view to:
 - i) developing good practice principles on in-country division of labour
 - ii) designing a methodology to measure progress, and
 - iii) promoting dialogue on international division of labour across countries.

We will increase aid's value for money

18. We note that since the Paris Declaration was agreed in 2005, OECD-DAC donors have made progress in untying their aid. A number of donors have already fully untied their aid and we encourage other donors to do so. We will pursue, and accelerate, these efforts by taking the following actions:

- a) OECD-DAC donors will extend coverage of the 2001 DAC Recommendation on Untying Aid to non-LDC HIPCs² and improve their reporting on the 2001 DAC Recommendation.

¹ These include, but are not limited to, public financial management, procurement, audit, monitoring and evaluation and social and environmental assessments.

² The 2001 DAC recommendation on Untying ODA to the Least Developed Countries (LDC) covers 31 so called Highly Indebted Poor Countries (HIPC). The OECD Development Assistance Committee (DAC) at its 2008 High Level Meeting agreed to extend the 2001 Recommendation to cover the

- b) Donors will elaborate individual plans to further untie their aid to the maximum extent.
- c) We will promote the use of local and regional procurement by adjusting donor procurement procedures and by building on examples of good practice to help improve local firms' capacity to compete successfully for aid funded procurement.

We welcome and will work with all development actors

19. The contributions of all development actors are more effective when developing countries are in a position to manage and coordinate them. We welcome the role of new contributors and will improve the way all development actors work together by taking the following actions:

- a) We encourage all development actors to use the Paris Declaration principles as a point of reference in providing development cooperation.
- b) We acknowledge the particular role of middle-income countries as both donors and partners. We can learn from the experience of South-South co-operation, and we encourage further development of triangular co-operation.
- c) Global funds and programmes make an important contribution to development. These are most effective when they are matched by efforts to develop the capacity of the environment and institutions within which they operate (e.g. health and education systems). As new global challenges emerge, donors will first ensure that existing channels for aid delivery are used before creating separate new channels that risk further fragmentation and complicate coordination at country level.

We will deepen our engagement with civil society organisations

20. We will deepen our engagement with civil society organisations (CSOs) as independent development actors in their own right whose efforts complement those of governments and the private sector. We share an interest in ensuring that CSO contributions to development reach their full potential. To this end:

- a) We invite CSOs to reflect on how they can apply the Paris principles of aid effectiveness from a CSO perspective.
- b) We welcome the CSO proposal to engage with them in a CSO-led multistakeholder process to promote CSO development effectiveness. We will seek as part of that process to: i) improve coordination of CSO efforts with government programmes, ii) enhance CSO accountability for results, and iii) improve information on CSO activities.
- c) We will work with CSOs to provide an enabling environment that maximises their contributions to development.

We will adapt aid policies for countries in fragile situations

21. In the Paris Declaration we agreed that aid effectiveness principles apply equally to development co-operation in situations of fragility, including countries emerging from conflict, but these principles need to be adapted to environments of weak ownership or capacity. Since then, Principles for Good International Engagement in Fragile States and Situations have been agreed. To further improve aid effectiveness in these environments, we will take the following actions:

- a) Donors will conduct joint assessments of governance and capacity and examine the causes of conflict, fragility and insecurity — engaging to the maximum extent possible developing country authorities.
- b) At country level, donors and developing countries will agree and work on a set of realistic peace and state building objectives that address the root causes of conflict and fragility and ensure the protection and participation of women. This will be informed by international dialogue between partners and donors on these objectives as prerequisites for development.
- c) Donors will provide demand-driven, tailored and coordinated capacity development support for core state functions and for early and sustained recovery. Interim measures should be appropriately sequenced and lead to sustainable local institutions.
- d) Donors will work on flexible, rapid and long-term funding modalities, on a pooled basis where appropriate, to i) bridge humanitarian, recovery and longer term development phases, and ii) support stabilisation, inclusive peace building and the building of capable, accountable and responsive states. In doing so, donor and developing countries will foster partnerships with the UN System, International Financial Institutions and other donors.

remaining eight countries that are part of the HIPC initiative. These are: Bolivia, Cameroon, Côte d'Ivoire, Ghana, Guyana, Honduras, Nicaragua and Republic of Congo.

Delivering and Accounting for Development Results

22. We will be judged by the impacts that our collective efforts have on the lives of poor people. We also recognise that greater transparency and accountability for the use of development resources — domestic as well as external — are powerful drivers of progress.

We will focus on delivering results

23. We will improve our management for results by taking the following actions:

- a) Developing countries will strengthen the quality of policy design, implementation and assessment through improving information systems including by disaggregating, where appropriate, data by sex, region and socio-economic status.
- b) Developing countries and donors will work to develop cost-effective results management instruments to assess and adjust the impact of development policies. We will better coordinate and link the various sources of information, including national statistical systems, budgeting, planning, monitoring and country led evaluations of policy performance.
- c) Donors will align their monitoring with country information systems. They will support and invest in strengthening national statistical capacity and information systems including those for managing aid.
- d) We will strengthen incentives to improve aid effectiveness. Legal or administrative impediments that prevent implementation of international commitments on aid effectiveness will be systematically reviewed and addressed. Donors will pay more attention to delegating sufficient authority to country offices and changing organisational and staff incentives to promote behaviour in line with aid effectiveness principles.

We will be more accountable and transparent to our publics for results

24. Transparency and accountability are essential elements for development results and lie at the heart of the Paris Declaration, in which we agreed that countries and donors become more accountable to each other and towards their citizens for how all development resources are used and results achieved. We will pursue these efforts by taking the following actions:

- a) We will make aid more transparent. Developing countries will implement greater transparency in public financial management, including public disclosure of revenues, budgets, expenditures, procurement and audits to facilitate parliamentary oversight. Donors will disclose regular and timely information on all their aid flows to enable more accurate budget, accounting and audit in accordance with international standards.
- b) We will step up our efforts to ensure that — as agreed in the Paris Declaration — mutual assessment reviews are in place by 2010 in all countries that endorsed the Paris Declaration.
- c) Developing countries and donors will work together at the international level to strengthen existing international monitoring systems with a view to improving accountability for development results.
- d) Effective and efficient use of development finances requires both donors and partner countries to do their utmost to fight corruption. Donors and developing countries will respect the principles to which they have agreed including those under the UN Convention against Corruption. Partner countries will address corruption by improving systems of investigation, legal redress, accountability and transparency in the use of public funds. Donors agree to take steps in their own countries against individuals or corporations complicit in corruption, and to track, freeze and recover illegally acquired assets.

We are changing the nature of conditionality to support ownership

25. To strengthen country ownership and improve predictability of aid flows, donors agreed in the Paris Declaration to draw their conditions from partner countries' own development policies. We reaffirm our commitment to this principle and will continue our efforts to change the nature of conditionality by taking the following actions:

- a) Donors will work with developing countries to agree on a limited set of conditions that are critical to achieving mutually agreed objectives and outcomes. We will jointly assess donor and developing country performance in meeting their commitments.
- b) Donors and developing countries will communicate and make public all conditions linked to disbursements.

c) Developing countries and donors will work together at the international level to review, document and disseminate good practices on conditionality — and will be receptive to contributions from civil society.

We will increase the medium-term predictability of aid

26. In the Paris Declaration, we agreed that greater predictability in the provision of aid flows is urgently needed to enable developing countries to effectively plan and manage their development programmes over the medium-term. We will take the following actions to further improve predictability of aid:

- a) Developing countries will strengthen budget planning processes for managing domestic and external resources and will improve the linkages between expenditures and results over the medium term.
- b) Donors will provide full and timely information on annual commitments and actual disbursements so that developing countries are in a position to accurately record all aid flows in their budget estimates and their accounting systems.
- c) Donors will provide each year, at country level, comprehensive estimates of aid flows they plan to provide over a 3-5 year period.
- d) Developing countries and donors will work together at the international level to review ways of further improving medium-term predictability of aid, including developing tools to measure it.

Looking Forward

27. The reforms we agreed today in Accra will require continued high-level political support, peer pressure and coordinated action at global, regional and country levels. To achieve them, we renew our commitment to the principles and targets established in the Paris Declaration, and will continue to assess progress in implementing them.

28. We encourage developing countries to design country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action. We recognise that these commitments will need to be adapted to different country circumstances including in fragile states, small states and middle-income countries.

29. We ask the Working Party on Aid Effectiveness to continue monitoring progress on implementing the Paris Declaration and the Accra Agenda for Action and to report back to the 4th High-Level Forum on Aid Effectiveness in December 2011.³

30. We ask the Secretary-General of the United Nations to transmit the conclusions of the Third High-Level Forum on Aid Effectiveness to the MDG Summit in New York later this month and the Financing for Development Review meeting in Doha in December 2008. We welcome the contribution that the ECOSOC Development Cooperation Forum is making to the international dialogue on aid issues.

31. Today, more than ever, we resolve to work together to help countries across the world build the successful future all of us want to see — a future based on a shared commitment to overcome poverty, a future where no countries will depend on aid.

³ This will require undertaking the third round of monitoring and the second phase of the Evaluation so we can assess whether the commitments and targets agreed in Paris in 2005 have been achieved — and how far improved aid effectiveness has resulted in greater development impact. In doing so, attention will be paid to improving and developing communications on aid effectiveness. In 2011, we will undertake the third round of monitoring that will tell us whether we have achieved the targets agreed in Paris in 2005. Beyond this round, we recognise that additional work will be required to improve the methodology and indicators of progress on aid effectiveness and its contribution to development impact.