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UK Aid Network

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FOR INTERNATIONAL DEVELOPMENT

# Shaping the future of aid

**UK NGO Position Paper for the  
Fourth High Level Forum on Aid Effectiveness**

**September 2011**



This paper outlines the joint UK NGO vision for the Fourth High Level Forum on Aid Effectiveness and provides an overview of the on-going efforts of UK NGOs to prove and improve their own effectiveness and transparency.

This is an important year for the future of aid. In November the aid community will gather in Busan, South Korea, for the OECD Fourth High Level Forum on Aid Effectiveness (HLF4). HLF4 will review progress of recent efforts to improve the effectiveness of aid – guided primarily by the 2005 Paris Declaration and the 2008 Accra Agenda for Action – and identify commitments to continue these efforts into the future. With the Millennium Development Goals (MDGs) some way from being achieved by their 2015 deadline, and aid facing greater challenges than ever, it is vital that a Busan agreement guides how aid can achieve better development results.

### Key UK NGOs asks for Busan

Given its leading role in the emergence and implementation of the Paris Declaration and Accra Agenda for Action, the UK government has an opportunity to play a crucial role in the emergence of an ambitious Busan agreement, which UK NGOs believe should include the following elements.

1. Commitment of OECD donors and developing countries to fully implement the Paris Declaration and Accra Agenda for Action by a specific deadline.
2. Agreement on new commitments in the most critical and neglected areas of aid reform, including:
  - **managing for results** – build country systems to focus on results for the poorest
  - **mutual accountability** – strengthen country-level process of accountability for aid
  - **aid transparency** – publish International Aid Transparency Initiative (IATI) schedules by end-2012 and implement IATI in full by 2015; encourage fiscal and budget transparency
  - **broadening ownership and promoting gender equality** – empower citizens to hold their governments and donors accountable for using aid to improve their standard of living, promote gender equality and tackle corruption
  - **fully untie aid, use conditionality more responsibly and ambitiously improve capacity building and predictability** – all vital to ownership and value for money
3. Endorsement of, and commitment to implement, the Monrovia Roadmap on Peace-building and State-building and agree further guidance to implement the Paris Declaration and Accra Agenda for Action in conflict-affected and fragile states and other challenging contexts.
4. An opportunity for new development actors (eg. emerging economies, private sector) to identify their effectiveness priorities, without weakening the main Busan agreement.
5. Agreement to establish an independent, transparent and participatory process for monitoring the implementation of a Busan agreement by individual signatories.
6. Endorsement of the Istanbul Principles for CSO Development Effectiveness and commitment of governments and donors to promote an enabling environment for civil society organisations (CSOs).

### The contribution of UK NGOs

As development actors UK NGOs recognise that they also have responsibility for improving the effectiveness of their development assistance and are already taking significant action to do so. In the lead up to and beyond HLF4, UK NGOs will be working to deepen and showcase these efforts to prove and improve their effectiveness, focused on their internal systems, programme management, transparency and accountability.



“The UK government has an opportunity to play a crucial role in the emergence of an ambitious Busan agreement.”

## Introduction

The 2005 Paris Declaration and the 2008 Accra Agenda for Action were seminal agreements in the history of aid. Informed by decades of development experience they identified five overarching principles of effective aid – **ownership, alignment, harmonisation, managing for results and mutual accountability** – a range of aid reform actions to give these principles practical application and a process for monitoring their implementation. Although seemingly technical, the **Paris Declaration and Accra Agenda for Action are deeply political agreements and present a long-term agenda for promoting aid effectiveness.**

As the Paris Declaration established an initial set of reform targets to be met by 2010, the international aid community will gather at the Fourth High Level Forum on Aid Effectiveness (HLF4) from 29 November to 1 December 2011 to review the progress in implementing these agreements and identify future aid reform priorities.

Ahead of HLF4 a range of issues are being discussed including:

- what the status of the Paris Declaration and Accra Agenda for Action should be post-HLF4
- what additional aid reform commitments are required
- how aid effectiveness can best be promoted in fragile states
- what action on effectiveness new donors, civil society organisations and the private sector can take

This paper presents the views of UK development NGOs on these questions and how an HLF4 agreement can address them.

### 1. A Busan agreement must fully reaffirm the Paris Declaration and Accra Agenda for Action

The official evaluation of the impact of the Paris Declaration confirmed that its principles and commitments have “almost all proved relevant to improving the quality of aid and of the partnerships needed to make it work”;<sup>i</sup> contributed to improved aid effectiveness and development results<sup>ii</sup> (see box 1) and strengthened transparency, trust and partner country ownership.<sup>iii</sup>

#### Box 1 – The contribution of the Paris Declaration and Accra Agenda for Action to development results

- “By facilitating greater investment, participation and efficiency the evaluations find that there are already plausible contributions by [Paris] Declaration-influenced aid to improved health services or outcomes” (Paris Declaration Evaluation, p45)
- Studies suggest that unpredictable aid reduces its value by 15%-20%, tied aid by 15-40% and fragmentation and mal-coordination by a further 3%-6%; all these aid issues are the subject of commitments in the Paris Declaration and Accra Agenda for Action (*How the Paris and Accra reforms have contributed to development results*, UK Aid Network (UKAN) Evidence Paper, August 2011)

However, the evidence also shows that the Paris Declaration and Accra Agenda for Action are far from being implemented, as globally only one of the Paris Declaration’s 13 reform targets has been met, performance has barely improved since 2005 in six others,<sup>iv</sup> only a narrow range of Paris Declaration commitments were actually addressed (the small number that were the focus of monitoring efforts),<sup>v</sup> and the Accra Agenda for Action attracted little political attention.<sup>vi</sup>

In addition it was found that a range of areas had been most neglected and require future emphasis (see section 2) and that additional efforts are required to identify how these agreements – supported by emerging complimentary frameworks – could be better applied in situations where one or more of the assumptions about national government capacity, objectives, effective control and legitimacy do not hold. (see section 3).<sup>vii</sup>

Of course, there are exceptions to this disappointing picture on implementation. A minority of donors, including the UK, have made significant progress in implementing these agreements, showing what can be achieved with political will. In addition, a number of sectoral platforms for promoting aid effectiveness – largely inspired by the Paris Declaration – have started to deliver important results and can provide a model to guide future efforts. These include the International Health Partnership<sup>viii</sup> and related initiatives, the Education for All Fast Track Initiative and the Sanitation and Water for All Partnership.

#### This analysis points towards the importance of a Busan agreement that:

- commits OECD donors and developing countries to fully implement the Paris Declaration and Accra Agenda for Action by a concrete deadline, and to tackle the political obstacles to doing so
- commits to address the most critical and neglected areas of aid reform (see section 2)
- agrees further guidance to direct aid effectiveness efforts in fragile states (see section 3)
- deepens commitment to and learning from sectoral aid effectiveness initiatives



## 2. A Busan agreement must identify ambitious new commitments in the most critical and neglected areas of aid reform

The Paris Declaration Evaluation and Monitoring Survey identifies a number of areas which have been most neglected in aid reform efforts to date, including: **managing for results, mutual accountability,<sup>ix</sup> broad-based ownership<sup>x</sup>, gender equality<sup>xi</sup>, predictability, untying, capacity building and conditionality.** In addition, they found that only moderate progress has been achieved on **transparency** despite it being “the indispensable foundation for effectiveness.”<sup>xii</sup>

**These findings highlight the importance of a Busan agreement that includes ambitious new concrete commitments in these areas, with a focus on the following:**

- managing for results – strengthening country leadership and capacity for tracking results in using aid (and other development resources) to improve the lives of the poorest and most marginalised people
- mutual accountability – strengthening and establishing country-level processes for promoting mutual accountability for aid, including robust procedures for donors to be held accountable individually, full transparency and participation by non-state actors
- aid transparency – publish IATI implementation schedules by December 2012 and implement IATI in full by 2015 (including terms and conditions and 3-5 year forward expenditure plans); encourage fiscal and budgetary transparency and support the better integration of aid information into budget systems
- broadening ownership and promoting gender equality – empowering citizens to hold their governments and donors accountable for maximising the contribution of aid to improve their standard of living, promote gender equality and tackle corruption
- fully untie aid, use conditionality more responsibly and ambitiously improve capacity building and predictability of aid

## 3. A Busan agreement must address aid effectiveness challenges in conflict-affected and fragile states and other challenging contexts

As highlighted in section 1, one of the most significant challenges for taking forward efforts to improve aid effectiveness is identifying how best to pursue such a goal in challenging contexts such as conflict-affected and fragile countries. In these countries the state is often an active participant in conflict, displaying serious democratic and governance deficits and failing to respect the basic rights of their citizens, making it more challenging to apply the Paris Declaration and Accra Agenda for Action.

### Box 2 – Monrovia objectives on Peace-building and State-building

- Legitimate politics – foster inclusive political settlements and conflict resolution
- Security – establish and strengthen people’s security
- Justice – address injustices and increase people’s access to justice
- Economic foundations – generate employment and improve livelihoods
- Revenues and services – manage revenues and build capacity for accountable and fair social service delivery

In recognition of these challenges, complementing the emergence of the Paris Declaration and Accra Agenda for Action, additional principles have been identified to guide action to pursue aid effectiveness in conflict-affected and fragile countries. These include the 2007 ‘Fragile states Principles’ and the recently agreed ‘Monrovia Roadmap for Peace-building and State-building’. **It is therefore important that a Busan agreement confirms the importance of these principles and takes forward efforts to implement them.**

In addition to supporting implementation of these principles, it is also important that a Busan agreement provides further guidance on how the Paris Declaration and Accra Agenda for Action can be responsibly applied in conflict-affected and fragile countries. This should guidance should focus on:<sup>xiii</sup>

- allowing for a more careful and politically informed approach to ownership and alignment where there is a risk of reinforcing poor governance, conflict or human rights abuses
- reinforcing broader ownership of development processes and aligning with the agenda of the poor and marginalised in challenging contexts
- defending pluralism, humanitarian space and an enabling environment for civil society
- ensuring harmonisation does not avoid shutting out local actors from accessing funding
- having sufficient staff on the ground to ensure more responsive programmes in fragile and conflict-affected contexts
- committing to engage with the causes of fragility over longer timeframes, step by step
- ensuring progress on the issues that drive conflict, even where they are sensitive
- ensuring a strong role for the public and civil society in accountability processes

## 4. Busan can provide a space for emerging donors to reflect on their effectiveness

In recent years, there has been increasing attention on the growing role of developing country donors, private foundations and others actors beyond the OECD donors. These ‘new donors’ currently provide around \$30 billion a year of development assistance<sup>xiv</sup> – equivalent to a quarter of the OECD’s total aid. The increased visibility of these actors has stimulated an intense debate on whether and how a Busan agreement can engage them in a process of reflecting on their effectiveness.

While there are unquestionable opportunities from engaging emerging actors on the challenges they face in supporting development, it is unclear what HLF4 can achieve in pursuing this goal given that it is governed by the OECD – a Western government institution. In addition, arguably the best way OECD donors can encourage other actors to address their effectiveness challenges is to set an example by committing to ambitious action to address their own.

This does not mean that emerging donors should not be engaged in the HLF4 process; these actors should be welcomed to use HLF4 to identify their own effectiveness priorities. **However it does mean that the focus of a Busan agreement should remain on ensuring that ambitions of the Paris Declaration and Accra Agenda for Action are built on and not weakened in order to attract new actors.**



## 5. Monitoring implementation of a Busan agreement

The significance of the Paris Declaration lies not just in its wide-ranging programme for aid reform but also its detailed implementation monitoring framework. Few other international agreements have attracted such intense monitoring of the implementation of individual signatories.

Although this monitoring process has not been without its problems – including questions about its narrow focus, independence and robustness – there is a strong perception that it has played an important role in strengthening country level monitoring, deepening dialogue on implementation and promoting mutual accountability for implementation (see box 3).

### Box 3 – The Paris Declaration monitoring process and country level monitoring and accountability

A 2010 survey of mutual accountability for aid processes across over 70 developing countries by the UN Development Cooperation Forum found that of the 12 countries where such processes were most advanced all used the Paris indicators either in part (two cases), in full (seven) or in full with additional indicators for setting donor standards (three). (*Review of Progress in International and National Mutual Accountability and Transparency on Development Cooperation*, UNDCF, June 2010)

**It is therefore vital that at HLF4 a commitment is made to monitor implementation of a Busan agreement. This monitoring should:**

- focus on the performance of individual signatories for meeting their commitments
- be managed by a legitimate body that can guarantee transparency and participation
- be carried out regularly
- be informed by and support country-level monitoring

## 6. The role of CSOs at Busan

The Accra Agenda for Action recognises that Civil Society Organisations (CSOs) are “development actors in their own right” and committed them to advance efforts to improve their own effectiveness. This commitment led to the establishment of the Open Forum for CSO Development Effectiveness, through which CSOs agreed the ‘Istanbul Principles for CSO Development Effectiveness’ (see box 4) and the ‘Siem Reap Consensus on the International Framework for CSO Development Effectiveness.’ The Siem Reap Consensus aims to guide CSOs in implementing the Istanbul principles. These documents will be presented in Busan as the CSO contribution to pursuing effectiveness.

### Box 4 – The Istanbul Principles for CSO Development Effectiveness

- 1) respect and promote human rights and social justice
- 2) embody gender equality and equity while promoting women and girl’s rights
- 3) focus on people’s empowerment, democratic ownership and participation
- 4) promote environmental sustainability
- 5) practice transparency and accountability
- 6) pursue equitable partnerships and solidarity
- 7) create and share knowledge and commit to mutual learning
- 8) commit to realising positive sustainable change

To reflect their commitment to improving effectiveness and the Istanbul Principles, UK CSOs have been working together to identify practical steps they can take to implement the principles. This work is being led by the Bond Effectiveness Programme, which was established in 2009 to support UK NGOs in strengthening the rigor and consistency with which they measure, learn from and report on their contribution to social development.

The programme is currently engaging a wide range of Bond members across four streams of work:

- 1) developing agreement and supporting implementation of a sector-wide **framework of shared indicators, data collection tools and assessment methods** (Im-Prove it Framework); and an **online effectiveness self-assessment**
- 2) building **knowledge and skills** to support members to measure and manage effectiveness and value for money
- 3) creating an **enabling environment** that encourages and supports organisations to deliver improvements in their effectiveness
- 4) supporting **greater transparency** within the sector by helping UK NGOs to comply with this International Aid Transparency Initiative (IATI) and encouraging greater disclosure of performance data

**At Busan, it is vital that the Istanbul Principles are endorsed as the legitimate framework for NGOs to prove and improve their own effectiveness and the Busan agreement should include strong commitment by governments and donors to promote an enabling environment for CSOs.**

**UK NGOs will be working to support such an outcome from Busan, and will showcase their on-going efforts and activities to prove and improve their effectiveness and transparency.**



“At Busan, it is vital that the Istanbul Principles are endorsed as the legitimate framework for NGOs to prove and improve their own effectiveness.”

- i "The Evaluation of the Paris Declaration: Phase 2 Final Report", DIIS, May 2011, p65
- ii Ibid, p44
- iii Ibid, p58
- iv "Aid Effectiveness 2011: Progress Report on Implementing the Paris Declaration", p15
- v Reference i, p59
- vi Ibid, page 18, footnote 55
- vii "The applicability of the Paris Declaration in fragile and conflict-affected situations", OECD, 2008
- viii "Progress and Challenges in Aid Effectiveness". OECD cluster on Health and Aid effectiveness, 2011
- ix Reference i, p55
- x "Aid Effectiveness 2011: Progress Report on Implementing the Paris Declaration", p20
- xi Ibid, p32
- xii Reference i, p64
- xiii Recommendations drawn from "Aid effectiveness in contexts of poor governance, conflict and fragility – a statement by UK relief, development and peace-building agencies ahead of Busan", 2011
- xiv Reference i, p11-12, box 1



“It is vital that a Busan agreement guides how aid can achieve better development results.”



The **UK Aid Network** (UKAN) is the coalition of UK-based development NGOs working together to advocate for more and better aid. Members carry out joint policy, lobbying and advocacy work to make the case for increasing the volume and quality of official development assistance (ODA), mostly focusing on the UK's ODA policy and practice. However, its remit also extends to the European and international levels through its engagement with the UK government on international issues, its participation in EU Aid Watch working groups (CONCORD) and the International Coordinating Group of civil society organisations working on Aid.

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