

**THE PARIS DECLARATION ON AID EFFECTIVENESS:
DONOR COMMITMENTS AND CIVIL SOCIETY CRITIQUES**

**A CCIC BACKGROUNDER
MAY 2006**

1. THE PARIS DECLARATION

The *Paris Declaration on Aid Effectiveness* is the culmination of ten years of donor discussion of ways to improve aid effectiveness. It was adopted by acclamation in March 2005 at the High Level Ministerial Forum organized by the Development Assistance Committee (DAC) of the OECD. This High Level Forum was attended by aid Ministers from the 22 donor countries, as well as representatives of international organizations, recipient developing countries and several civil society organizations.¹

The *Paris Declaration* is commonly described by official donors, including Canada, as “an unprecedented global consensus” for reforming the delivery and management of aid to improve its effectiveness. These reforms are intended to “increase the impact of aid ... in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs”. (1)² All donors, including CIDA, have agreed to be evaluated against the commitments in the *Declaration* and the indicators of progress set out by the DAC and the World Bank. Consequently it will have a decisive influence on how CIDA will program in the future.

Canadian initiatives to improve our aid effectiveness are based on the September 2002 CIDA Policy statement, *Canada making a difference in the world*, updated in the 2005 International Policy Statement. Canada is not only obliged to report its progress to the DAC, it is also contributing substantially to DAC aid policy developments in some important areas – such as the move towards program-based approaches and away from one-off projects.

¹ The text of the *Paris Declaration* can be found at <http://www.oecd.org/dataoecd/11/41/34428351.pdf>. While a number of CSOs, including CCIC and *The Reality of Aid* are listed in the Appendix of the *Paris Declaration* as “participating” CSOs, neither CCIC or *The Reality of Aid* has endorsed the *Declaration*. They, along with other CSOs present, provided critical feedback on several issues being debated at the High Level Forum. Similarly developing country representatives present provided (often critical) commentary during the discussions. The *Declaration* itself was set out by the DAC as an expression of consensus at the meeting but was never brought to a vote or sign-on process.

² All numbers in brackets following quotes refer to corresponding pages in the *Paris Declaration*. Important milestones along the way leading to the *Paris Declaration* included the DAC’s 1996 *Shaping the 21st Century*, the elaboration of the World Bank’s Comprehensive Development Framework in the late 1990s, the enhanced agreement for debt cancellation (HIPC) in 1999 linked to country-specific Poverty Reduction Strategy Papers (PRSPs), the adoption by the members of the United Nations of the Millennium Declaration on development partnerships and the subsequent elaboration of the Millennium Development Goals, the UN 2002 Financing for Development Monterrey Consensus on development partnerships and increasing aid resources for MDGs, and the donors’ High-Level Forum on Harmonization held in Rome in 2003.

The *Declaration* is an action-oriented roadmap for aid reform built around five main themes, with corresponding objectives:

- 1) Ownership – Partner countries exercise effective leadership over their development policies, and strategies and coordinate development action (3);
 - Partners have operational development strategies.
- 2) Alignment – Donors base their overall support on partner countries’ national development strategies, institutions and procedures (4);
 - Reliable country procurement and financial management systems are in place;
 - Aid flows are aligned on national priorities;
 - Donor capacity development support is coordinated;
 - Donors use country procurement systems;
 - Donors use country financial management systems;
 - Donors avoid their own project management implementation units;
 - Aid is more predictable; and
 - Aid is untied.
- 3) Harmonization – Donors’ actions are more harmonized and transparent (6);
 - Donors use common arrangements (program-based approaches); and
 - Donors jointly develop and shared country analysis.
- 4) Managing for Results – Managing resources and improving decision-making for results (7);
 - Countries have transparent and monitorable performance assessment frameworks for national development strategies.
- 5) Mutual Accountability – Donors and partners are accountable for development results (8).
 - Mutual assessment of commitments is undertaken on aid effectiveness.

Donors and aid recipients have made 56 specific “partnership commitments” for each of these five areas and have committed to reform their aid practices accordingly. To measure progress, in July 2005, the DAC, working with the World Bank, agreed on 12 indicators (see appendix) and measurable targets to be achieved by 2010.³ The DAC is currently coordinating baseline research so that periodic joint donor/recipient assessment of reforms can take place. The first assessment is scheduled for Ghana in 2008.

This Backgrounder provides an overview of civil society organizations’ (CSO) perspectives on the *Paris Declaration*. Civil Society Organizations warn that although the *Paris Declaration* is an important initiative to reform aid practices, its impact on poverty reduction will be limited if the reforms ignore the crucial role of civil society actors and further marginalize these actors in their own societies. Change is needed in the four areas:

³ See DAC/World Bank, “Baseline and suggested targets for the 12 indicators of progress – Paris Declaration on Aid Effectiveness” available at <http://www.oecd.org/dataoecd/45/46/35230756.pdf>

- ❑ Taking account of civil society actors;
- ❑ Resolving the tension between local ownership and donor conditionalities;
- ❑ Aligning donor approaches with a more complex understanding of aid modalities to support the priorities for the poor; and
- ❑ Assuring independent assessments of progress for improved development results.

2. TAKING ACCOUNT OF CIVIL SOCIETY ACTORS

As a vehicle for aid effectiveness, the *Paris Declaration* sets out an unfinished and narrow agenda for reform. In focusing largely on improving the capacities of the state in the poorest countries, the *Declaration* reforms ignore the role of citizens and CSOs as development actors in their own right who have a long history in organizing economic, social and political initiatives with and on behalf of the poor.

Canadian and Southern CSOs have long called for reforms of the aid system so that it is a more effective catalyst for poverty reduction. Aid can contribute to opportunities for democratic participation and organization by citizens, particularly people living in poverty and the marginalized, for their priorities for development actions that reduce poverty. Civil society networks in projects such as *The Reality of Aid* have been monitoring donor practices for the past decade making many recommendations, similar to some of the areas covered by the *Declaration*.⁴

But as a vehicle for effective aid to reduce poverty, the *Paris Declaration* sets out an unfinished and somewhat narrow agenda for reform. In a summary statement before the 2005 High Level Forum, CSOs suggested that the principles in the *Declaration* “cannot really be put in practice without a profound reform of the aid regime”, including focusing aid more directly on the needs of the poor, ending harmful economic policy conditions currently attached to aid and ensuring democratic governance of international financial institutions.

At the time of the *Paris Declaration*, CSOs proposed that donors strengthen “national ownership based on strong civil society participation as a preliminary condition for all donor harmonization and alignment activity”.⁵ Unfortunately, current ways in which donors are addressing local ownership, such as uncritical alignment with Southern government’s poverty reduction strategies (PRSPs), as reflected in the *Declaration*, present significant challenges for effective and appropriate measures to reduce poverty.

⁴ See various reports at www.realityofaid.org. The analysis which follows has also benefited from civil society participants in “Southern civil society voices” on reforming aid architecture, a project hosted by the Overseas Development Institute in the UK at <http://www.futureofaid.net/taxonomy/term/18>. Also relevant is INTRAC’s Newsletter, *Ontrac*, #33, May 2006 on “Aid Harmonization: Challenges for CSOs” at <http://www.futureofaid.net/taxonomy/term/21>.

⁵ Tony Tujan, “Input for Implementation Forum of HLF II”, April 30, 2005, accessed at www.realityofaid.org.

While strengthening the state in the poorest countries is essential, many CSOs underline that effective country-specific action to reduce poverty must also be based on recognition of the rights of the vulnerable and the poor. Empowerment for poor people occurs in the face of highly unequal cultural, social, economic and political relations – at the local, national and global levels. This politics of development is not reflected in the *Paris Declaration*.

In their aid reforms, donors have largely focused on improving the capacities of the state, with the assumption the policies agreed between Southern government officials and donors reflect a consensus with citizens affected by these policies. The reality is that building such a consensus requires engagement between citizens and their government, which is both ongoing and multifaceted. The *Paris Declaration* ignores the roles of CSOs and citizens as development actors in their own right, who have a long and rich history in organizing economic, social and political initiatives at all levels of society, with and on behalf of communities of poor people. Citizens views may not always be the same as government views and a process of “ownership” must reflect internal democratic debate on policy directions.

CSOs, donors and citizens in developing countries want aid to be more effective. But a key question is “effective for whom”, and on the basis of whose assessment. For CSOs involved in *The Reality of Aid* network, for example, “effective aid” has been measured by how much aid actually reaches the poor and mobilizes them to address their own problems and claim their rights. These, however, are not the measurements in the *Paris Declaration* indicators for achieving progress. The *Paris Declaration* indicators measure the degree of government compliance with donor norms for effective state operational structures and practices, largely judged through the prism of World Bank country assessments.

Donors’ proposals for aid reform are also isolated from other policy contexts. Southern CSOs criticize donor promotion of market-oriented trade and investment policies at the WTO and through the World Bank that have impoverished many parts of the South. These policies conflict with the purpose of aid – ending poverty.

3. OWNERSHIP AND CONDITIONALITY IN TENSION

The *Paris Declaration* contains no targets or indicators relating to a reduction of conditionality or benchmark triggers for the release of donor funds. Donors often undermine democratic accountability through secret policy dialogue with developing country government officials on aid and debt conditions, in which their citizens are largely unaware and have no role. The use of aid as a policy tool to *impose* economic policy and other conditions has no place in an aid paradigm rooted in a commitment to local ownership.

The *Paris Declaration* asserts that “in determining the most effective modalities of aid delivery, [donors] will be guided by development strategies and priorities established by partner countries”. (2) Donor rhetoric on the importance of “local ownership” of development policies and priorities, unfortunately, remains in tension with the dozens of conditions and “undertakings” that these same donors attach to their aid programs. The *Declaration* contains no targets or indicators relating to a reduction of conditionalities and benchmark triggers for the release of donor funds. In Paris at the High Level Forum, CSOs called for at least annual reports on donor progress in reducing conditionalities and trigger benchmarks, but to no avail.

The *Paris* discourse on aid effectiveness has not emerged in a vacuum. The *Declaration* is rooted, in part, in the widely acknowledged failure of aid conditionality associated with Structural Adjustment Programs (SAPs) in the 1990s. While early attempts at aid conditionality may have failed, the macro-economic policies associated with SAPs remain a strong consensus among the major bilateral donors, the World Bank and the IMF. Yet many of these same conditions have re-emerged for debt cancellation and PRSPs as well as in coordinated donor program-based approaches (Budget Support and Sector Wide Approaches for developing country governments). PRSPs and program-based approaches are strongly promoted in the *Paris Declaration*, with little critical reflection on the policy prescriptions that often accompany them.

In fact, the numbers and scope of donor-imposed conditions and undertaking are expanding. Governance conditions now reach deep into the details of the political and administrative processes of government in developing countries. Such governance conditions now make up a significant proportion of multilateral and bilateral aid conditions, despite having little demonstrated capacity to improve democratic governance. One study counted 82 governance-related conditions out of an average total of 114 conditions for each IMF/Bank agreement in Sub-Saharan Africa.⁶ Some CSOs argue that donors are no longer “external actors” in the poorest countries, but rather are closely integrated through aid conditionalities into the functioning of the state itself.

Democratic governance is essential to allow citizens to hold their governments accountable, but it cannot be imposed from the outside. Donors often undermine democratic accountability through policy dialogue with developing country government officials on aid and debt conditions, in which their citizens are largely unaware and without a role. This secrecy undermines democratic governance by hiding the trail of how policy changes are made. Donor-led policy dialogue for sector programs in education or health and budget support, with an exclusive focus on state officials, may further undermine democratic process in important social and economic sectors critical to the interests of poor people. The *Paris Declaration* calls for two thirds of donor bilateral programs to be organized through such program-based approaches by 2010.

The *Paris Declaration* does affirm that donor/recipient partnerships must “enhance donors and partner countries’ respective accountability to their citizens and parliaments for their development policies, strategies and performance”. But this stated intent is largely ignored in the 12 areas for aid reform and the monitoring of indicators, in several key areas, is dependent on World Bank analysis, which is subject to little or no consultation at the country level.

There is no single path for achieving country ownership of development strategies for reducing poverty. Donors need to see these strategies as inherently conflictual and to be sensitive to complexity and contingency if they truly seek country-specific development results for poverty reduction goals. This approach implies that aid modalities should continue to support diverse development actors, including southern CSOs.

⁶ Kapur and Web, “Governance related conditionalities of the International Financial Institutions”, G-24 Discussion Paper Series #6, UNTAD, August 2000, p. 3, accessible at <http://ksghome.harvard.edu/~drodrik/g24-kapurwebb.pdf>. Led by the World Bank, donors consistently make assumptions and impose policies based on their own assumptions about strategies to reduce poverty – such as the promotion of an export oriented trade strategy, the need for more privatization of government services, and assuming a strong relationship between economic growth and poverty reduction.

The use of aid as a policy tool to **impose** economic policy and other conditions has no place in an aid paradigm rooted in a commitment to local ownership. This basic principle is now recognized by the UK government in its 2005 policy statement on conditionality.⁷ The CSO call for a cessation of imposed conditions for aid does not imply that there should be no policy discussions or contractual terms for transparency and accountability in the transfer of aid resources. Rather, many CSOs emphasize the importance of efforts to reform the nature of donor/recipient policy discussions to be more inclusive of all development actors and to be structured in relation to mutually agreed international human rights obligations. The *Paris Declaration*, unfortunately, makes no commitments for reform along these lines.

4. ALIGNMENT AND HARMONIZATION: IN WHOSE INTERESTS?

Reform of donor practices – to harmonize institutional requirements for planning, reporting and auditing, and to coordinate support to state priorities in education or health – is welcomed. But some of these reforms rest on the untenable assumption that a limited donor/recipient partnership made up of state/senior officials can represent the consensus interests of all major development actors in any society. Donor procedures for harmonization may ignore or undermine the need for independent civil society actors to represent constituencies of the poor.

Most donors now recognize the harmful effects of policies in the 1980s and early 1990s that undermined key development capacities of developing country states, particularly in Africa. After decades of decline, the *Paris Declaration* is a significant acknowledgement by the donors of the central importance of strengthening these capacities. This emphasis on state strengthening is needed all the more as donors focus on mutual North/South commitments to achieve the Millennium Development Goals (MDGs), many of which relate to social sectors (health and education) where the state must play a central role. In this context, reform of donor practices – to harmonize institutional requirements for planning, reporting and auditing and to coordinate support to state priorities in education or health, is welcomed.

But civil society actors are concerned that the overwhelming emphasis on alignment with state policy and reliance on administrative harmonization alone may be fatal to achieving the MDGs. The reforms rest on the untenable assumption that a limited donor/recipient partnership made up of state/senior officials can respond to the convergence of interests from all major development actors in any society.

In the *Paris Declaration*, the primary benchmark to measure whether “aid flows [are] aligned on national priorities” is whether by 2010 85 percent of donor bilateral aid is directed to activities related to government sector budgets, primarily through “program based approaches” (which in turn are to make up two-thirds of bilateral resource transfers). However, there is no measure of the social and political legitimacy of these priorities outside of a commitment to consider the highly flawed consultative processes for Poverty Reduction Strategy Papers (PRSPs).

⁷ Accessible on DFID’s web site at <http://www.dfid.gov.uk/pubs/files/conditionality.pdf>.

In a few developing countries, PRSPs have created political space for societal discussions of development priorities. But in many others, consultations are superficial and PRSPs remain artificial reflections of state/donor notions of strategies and priorities to reduce poverty. Donors will admit that PRSPs are “a-work-in-progress”. Yet it seems that whatever the quality of debate that led to the PRSP, once in place (i.e., approved by the donors), the PRSP is **the** blueprint for making progress in a given sector. It is a blueprint that usually corresponds closely with donor “knowledge” about what is required.

What we have now is a static state-centred approach that has ignored and devalued the critical importance of communities of poor and marginalized people, and their role in organizing local knowledge, and articulating local demands to respond to unique local conditions. Civil society efforts complement, but also sometimes challenge the directions of state policy. For the poor, North/South collaboration of civil society actors has played a crucial role to strengthen this role, which in the past was supported by donors such as CIDA. If *Paris Declaration* aid modalities undermine autonomous and responsive aid support to civil society development actors, the Declaration will **reduce** the chances of achieving the MDGs.

National and local civil society organizations also play crucial development roles in organizing cooperatives, trade unions, women’s organizations, or local health and education facilities that respond to local needs – needs that are still largely missed by state programs. Despite the strengthening of state programs, they nevertheless, continue to operate in the context of scarce resources and weak governance that often ignore the interests and rights of the poor. Southern civil society has grown in numbers and capacities, in part through a long history of partnerships with Northern civil society.

Today, many Southern CSOs are capable and have the independence to challenge their local and national governments for state programs that enable benefits for poor people. Much more needs to be done to improve knowledge, democratic organization, and respectful North/South partnerships in civil society. But this will not happen if resource transfers for these organizations are locked into donor-approved development “blueprints” designed and managed through government offices. If civil society organizations become only sub-contractors to their own governments in order to access donor resources, these organizations will be ill-placed to hold these same governments accountable for results.

In effect, the *Paris Declaration* locks donors’ bilateral programs into a centralized and exclusive relationship with Southern state actors – state actors that often represent the interest of only the wealthy and the elite. This “locking – in” may make it difficult for donors who also want to “align” their programs with civil society organizations that in turn will want to hold these same governments to account. Program-based approaches, which in practice have been exclusively with government, can centralize resources in the hands of ruling parties and elites who, in the context of very scarce resources on the ground, will tend to direct these funds through their particular supporters, to the exclusion of other interest groups. Aid effectiveness requires a more balanced donor approach in which a donor like CIDA looks for niche roles that include civil society while continuing to participate in donor-coordinated measures to improve the operations of government in key sectors. One such niche role is strengthening partnerships with a wide range of development actors within a particular sector. This could include supporting local-level development alternatives and capacities in civil society to improve the accountability of state programs to those who should be the beneficiaries of poverty reducing efforts.

The limitations of the new aid paradigm are evident in recent analysis of the mainstreaming gender issues in development practices.⁸ CIDA has been a leader in recognizing the centrality of gender equality to making progress on poverty reduction. Nevertheless, national development strategies, including PRSPs, rarely mainstream gender benchmarks. Alignment with national strategies will mean that donor budget support and sector programs will not adequately address gender equality priorities. Equally, the difficulties inherent in harmonizing diverse donor practices for program-based approaches will likely result in gender “policy evaporation”. Women’s organizations, which have been instrumental in developing tools for gender-sensitive analysis of budgets, will potentially be marginalized by strategies that ignore funding mechanisms for such civil society contributions. UNIFEM argues for a more balanced approach, one where “bringing women at all levels – in capitals and communities, from government ministries and from civil society groups – into the discussion is critical to ensure that the goal of full national ownership and alignment with widely-shared national policies can be secured”.⁹

5. MUTUAL ACCOUNTABILITY

Effective independent assessment of aid must accompany a democratization of the aid regime, with particular emphasis on governance reform in the International Financial Institutions. The *Paris Declaration* says little about strengthening the independent capacities of developing country partners to assess progress on the part of donor partners in achieving the *Declaration’s* goals.

The *Paris Declaration* acknowledges the importance of **mutual** accountability in committing to “jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness...” (8) But, the *Declaration* merely calls for country level assessments to be in place by 2010 without suggesting parameters for these assessments to increase both equality in the aid relationship and a more comprehensive inclusion of country level development actors.

Strengthening the **independent** capacities of developing country partners to assess their own progress in achieving the *Paris Declaration* goals, not to mention donor commitments, is given no attention in the *Declaration* or in subsequent suggested processes for monitoring progress.¹⁰ Rather, the current assessment framework for the *Declaration* relies heavily on the World Bank’s own assessment of progress in its Comprehensive Development Framework (CDF), its Policy and Institutional Assessment (CPIA) and donors’ own assessments of procurement policies.

⁸ See for example, UNIFEM, “Promoting Gender Equality in New Aid Modalities and Partnerships”, UNIFEM Discussion Paper, March 2006, accessed at http://www.idrc.ca/uploads/user-S/11429447581PromotingGenderEqualityInNewAidModalities_eng.pdf. See also the Gender Responsive Budget Initiatives web site supported by IDRC, UNIFEM and the Commonwealth Secretariat at http://www.idrc.ca/gender-budgets/ev-64152-201-1-DO_TOPIC.html. See also Brian Tomlinson, “Promoting ownership and gender equality”, Reality of Aid Report 2002, accessible at <http://www.realityofaid.org/roareport.php?table=roa2002&id=16>.

⁹ UNIFEM, *op.cit.*, p. 10.

¹⁰ See the April 13th, 2006 letter to Richard Manning, Chairperson of the DAC by the UK Aid Network on DAC proposals for a survey on monitoring the Paris Declaration.

This lack of recipient input into assessments by the CDF and the CPIA has been noted with concern by several donors.¹¹

CSOs are calling for a more comprehensive approach to mutual accountability and transparency in aid spending. Accountability, for CSOs, is not just about technical, contractual relationships in aid spending, but also about addressing the political inequalities in donor/recipient relationships. Strengthening independent institutional monitoring of donors against clear and enforceable benchmarks for donor performance is essential. There have been some recent examples of recipient-led independent monitoring of donor performance in Mozambique and Tanzania (by the Tanzania Independent Monitoring Group), with some limited but positive improvements in donor practice. Unfortunately, there has been little effort to adopt this practice elsewhere. Effective independent assessment must accompany a democratization of the aid regime, with particular emphasis on governance reform in the International Financial Institutions, where donors still exert too much control over policies and practices to enable good development processes.

6. CONCLUSION

The *Paris Declaration* is an important initiative to reform aid practices, which if implemented will contribute to more effective aid delivery. However, reform will be incomplete and limited in its impact on poverty if the crucial roles of civil society actors in development processes are ignored. Donors should commit to improved aid relationships within the framework of international human rights law, which requires attention to the impact of their efforts on the ability of the poor to claim their rights. Many of the reforms suggested by the *Paris Declaration on their own* may in fact further undermine these rights and the promotion of democratic processes, the rule of law and parliamentary processes, in the poorest countries. A more balanced approach is essential. It would combine partnerships with state actors and efforts to strengthen civil society organizations in their expanding roles not only to improve the livelihoods of the poor, but also to represent these diverse interests in holding government to account. This is a challenge for official donors, but also for Northern civil society as they adapt their own practices and hold their own donors to account for commitments to reform.

Brian Tomlinson
CCIC Policy Team
May 2006

CCIC is grateful to the International Development Research Centre (IDRC) for its financial support.

¹¹ See reference to these concerns in DAC, “Baselines and suggested targets for the 12 Indicators of Progress – Paris Declaration on Aid Effectiveness”, September 2005, page 9.

PARIS DECLARATION
INDICATORS OF PROGRESS
To be measured nationally and monitored internationally

| OWNERSHIP | TARGET FOR 2010 | |
|--|---|--|
| 1. Partners have operational development strategies – Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets. | At least 75% of partner countries have operational development strategies. | |
| ALIGNMENT | TARGET FOR 2010 | |
| 2. Reliable country systems – Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these. | <p>(a) Public financial management – Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance.</p> <p>(b) Procurement – One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.</p> | |
| 3. Aid flows are aligned on national priorities – Percent of aid flows to the government sector that is reported on partners’ national budgets. | Halve the gap – halve the proportion of aid flows to government sector not reported on government’s budget(s) (with at least 85% reported on budget). | |
| 4. Strengthen capacity by coordinated support – Percent of donor capacity-development support provided through coordinated programs consistent with partners’ national development strategies. | 50% of technical co-operation flows are implemented through coordinated programs consistent with national development strategies. | |
| 5a Use of country public financial management systems – Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these. | PERCENT OF DONORS | |
| | Score | Target Objective |
| | A | All donors use partner countries’ public financial management systems. |
| | B | 90% of donors use partner countries’ public financial management systems. |
| | PERCENT OF AID FLOWS | |
| | Score | Target Objective |
| A | A two-thirds reduction in the % of aid to the public sector not using partner countries’ public financial management systems. | |
| B | 90% of donors use partner countries’ procurement systems. | |

| ALIGNMENT | TARGET FOR 2010 | |
|--|---|--|
| 5b Use of country procurement systems – Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these. | PERCENT OF DONORS | |
| | Score* | Target Objective |
| | 5+ | All donors use partner countries' procurement systems. |
| | 3.5 – 4.5 | 90% of donors use partner countries' procurement systems. |
| | PERCENT OF AID FLOWS | |
| | Score* | Target Objective |
| 5+ | A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems. | |
| 3.5 – 4.5 | A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems. | |
| ALIGNMENT | TARGET FOR 2010 | |
| 6. Strengthen capacity by avoiding parallel implementation structures – Number of parallel project implementation units (PIUs) per country. | Reduce by two-thirds the stock of parallel project implementation units (PIUs). | |
| 7. Aid is more predictable – Percent of aid disbursements released according to agreed schedules in annual or multiyear frameworks. | Halve the gap – halve the proportion of aid not disbursed within the fiscal year for which it was scheduled. | |
| 8. Aid is untied – Percent of bilateral aid that is untied. | Continued progress over time. | |
| HARMONIZATION | TARGET FOR 2010 | |
| 9. Use of common arrangements or procedures – Percent of aid provided as program-based approaches. | 66% of aid flows are provided in the context of program based approaches. | |
| 10. Encourage shared analysis – Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint. | (a) 40% of donor missions to the field are joint. (b) 66% of country analytic work is joint. | |
| MANAGING FOR RESULTS | TARGET FOR 2010 | |
| 11. Results-oriented frameworks – Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programs. | Reduce the gap by one-third – Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third. | |

| MUTUAL ACCOUNTABILITY | TARGET FOR 2010 |
|--|---|
| 12. Mutual accountability – Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration. | All partner countries have mutual assessment reviews in place. |

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

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