

A Work in Progress

The Paris Declaration renews focus on aid reform but is still donor-centric

Elaine Venter

Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life.

The steps that are needed from the developed nations are clear. The first is ensuring trade justice. The second is to end the debt crisis for the poorest countries. The third is to deliver much more aid and make sure it is of the highest quality.

Nelson Mandela

THE Paris Declaration on Aid Effectiveness is part of a global commitment to reduce poverty and inequality, increase economic growth, develop capacity, and achieve the Millennium Development Goals (MDGs). It provides an action-oriented road map for reforming the delivery and management of aid, with the aim of making aid more effective. Ultimately, improved aid effectiveness will benefit development.

Much has been written about the application of the five Paris commitments and whether we are achieving the goals we set for ourselves (see box). These goals cannot be achieved unless the value of the Paris Declaration as an instrument of change is understood and accepted, the gaps in the declaration are analyzed and addressed, and all relevant stakeholders and groups involved in aid effectiveness are given equal representation in the institutions that provide global leadership on aid effectiveness.

A dynamic opportunity

The Paris Declaration has already begun to change important aspects of aid delivery, management, and evaluation. It has provided new impetus to the discussions—at both the global and the field level—on the importance of improving our ability to deliver and to receive aid, so that it can lead to better development outcomes. The five commitments in the declaration have become part of the language of development and are influencing discussion and country strategy.

Irrespective of whether a partner country signed the declaration or not, donors in general have started to operationalize certain commitments, so they can be implemented in the field (for example, principles of division of labor among donors in providing support to partner countries). The declaration has given aid personnel more operational and administrative responsibility. A more dynamic exchange between donor headquarters and donor field-level personnel means that the delivery of aid can be better aligned with realities on the ground.

The Paris Declaration has also created a measurable and visible opportunity for stakeholders to report on, challenge, or encourage each other to achieve faster progress on commitments made by each of them under the declaration. This can be clearly seen from the findings of the two monitoring reports on the implementation of the declaration, the evaluation report on the declaration, and the numerous partner-country regional meetings that took place in Asia, Africa, and Latin America. The findings of the reports and of the meetings have led to many of the stakeholders adapting their existing development approaches by incorporating Paris Declaration commitments into their policies.

In addition to the monitoring and evaluation activities, and the regional meetings, the Working Party meeting of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) has also become a platform for partners (though there is limited partner participation) to raise their concerns and discuss their experiences. They can also highlight important issues that they would like to see prioritized at international forums. These issues include tied aid, conditionalities attached to assistance, and alignment—to country systems and procurement, incentives, division of labor, and capacity development.

The Paris Declaration has thus not only created a renewed energy for achieving aid effectiveness at the field level, but is also being used by the DAC to develop a better understanding between partners and donors on making aid work better for all.

Having said this, it is important that the Paris Declaration is seen in context. It is important to accept that the declaration will not be the final chapter in creating space for

Paris Declaration commitments

- **Ownership:** Partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions.
- **Alignment:** Donors base their overall support on partner countries' national development strategies, institutions, and procedures.
- **Harmonization:** Donors' actions are more harmonized, 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.



Local women parade during a ceremony in Niamey, Niger.

improved aid management because, as good as it is, it still has gaps that can, and should, be addressed.

Limits and conditions

To understand and address the gaps in the Paris Declaration, one must understand how it came into being. The declaration and its monitoring instrument were drafted by the DAC, with input from a handful of partner countries. Because of this, the Paris Declaration reflects mainly the perspective of the developed world on what needs to be done to improve aid effectiveness. And the monitoring indicators and its targets have been negotiated mainly between the more progressive donors (those who have untied aid, do not require recipients to meet with many policy conditionalities, and so on) and less progressive donors (those who require that policy conditionalities be met by the recipients in exchange for aid, do not use the procurement modalities of the country, and so on), with input from a few partner countries that regularly attend the DAC Working Party meetings. Arguably, this is a primary reason for the underlying, possibly unintentional, donor-centric approach that can be found in many of the indicators used to measure the effectiveness of the declaration.

One example of a donor-centric approach is the well-argued matter of tied aid, which—although presented by partner countries as one of the most important challenges to aid effectiveness—is measured against “progress over time.” But progress over time should not be much of a concern,

because the donors have reported that the majority of their aid is already untied. This brings me to the second example. In my view, there is too little quality control of data presented by the donors and the partners when completing the monitoring questionnaire—for example, a majority of the questions are addressed only to the donors. This makes it very difficult for partners to verify the data provided to them by the donors. As a result, when the donors report that the majority of their aid is untied, it is very difficult to challenge the data.

A third, highly contentious example is that of conditionalities. There is a real risk—though, again, possibly unintentional—that the Paris Declaration will validate the donors’ disregard for the autonomous policy space needed by partner countries to develop and experiment with a range of policy options necessary for their own development.

Two of the Paris Declaration commitments are aid ownership and harmonization. Ownership is measured through a desk exercise by the World Bank. It uses the standards of the World Bank to determine the level of ownership in the partner country. This implies that if the World Bank believes that the partners’ development strategies should conform to neoliberal ideology to achieve development goals, then that is how the partners will be measured. (For at least the past two decades, aid has been tied to conditionalities that require market-oriented policy reforms. Carlos Oya (2008), from the School of Oriental and African Studies at the University of London, writes that the “new Aid Agenda has become hegemonic, combining neoliberal economic and institutional reforms with poverty reduction under the overarching umbrella of good governance”—as interpreted by the West—namely, an “Anglo-American laissez-faire model of capitalism.”) There is thus a clear tension between the sovereignty of countries to determine their own development path and the risk that the Paris Declaration might infringe on this sovereignty. This challenge could easily be addressed by letting partner countries develop specific indicators for ownership, as opposed to letting the World Bank subjectively determine the quality of ownership in a partner country.

Aid harmonization is often seen as a double-edged sword. It has the ability to reduce both the fragmentation of aid to a country and the transaction costs incurred by the country. But at the same time, harmonization can be used to create “donor lobbies” that push for orthodox policy reforms, leaving little room for home-grown partner-country solutions and policies.

Arguably, the most important consequence of the manner in which the Paris Declaration was drafted is the severe criticism it has generated among important stakeholders such as the broader partner-country community (such as the G-77 and the south-south groupings), civil society organizations, and donors and development partners that do not form part of the OECD (such as Brazil, Russia, India, and China). Some of these stakeholders have even failed to acknowledge the status of the Paris Declaration as a global standard for aid effectiveness. In certain quarters, the declaration is seen as a product of the developed world, forced upon the developing world. The participation of these stakeholders at the September 2008 High Level Forum on Aid Effectiveness in Accra will depend, at least

in part, on how they view the DAC's role as the facilitator and the "custodian" of the Paris Declaration.

Oversight role

There is a commitment by a majority, if not all, of the DAC donors toward making aid work better for all. The DAC has made nonstop efforts to ensure that Accra in 2008 will be more representative than the Paris meeting in 2005. It has organized several partner meetings in different continents and made substantial efforts to get civil society organizations to participate. The DAC is committed to making sure that the Accra meeting is jointly led by both the donors and the partner countries, and the program has been designed to achieve this goal. Also, in the day-to-day management of its oversight role and through its different joint ventures, the DAC has made a serious effort (including by making funds available) to ensure a broader partner-country participation in its activities.

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But at the same time, partners argue that, in its oversight role, the DAC has created a situation in which the donors police themselves on the progress made on aid effectiveness. The DAC peer-review mechanism is a case in point, in which two DAC members peer-review a third donor, as opposed to the African peer-review mechanism, in which the review is not limited to peers but also opened up to include the active, official participation of other critical stakeholders such as civil society. There is also a concern that the DAC will not be able to substantially increase the participation at its meetings of partner countries and other relevant stakeholders (based on the OECD-membership requirements and the impracticality of opening the DAC to all—more than 100—partners and other non-DAC donors). It doesn't matter how progressive a donor is, it is not acceptable that it should be left to them to represent the partner-country interest.

Global leadership

If we can agree that there is a real need for a standard such as the Paris Declaration, and that the Paris Declaration—though a "work in progress"—is an important foundation for achieving improved aid effectiveness, then what remains to be discussed is whether the DAC is representative enough to retain the oversight responsibility or whether this responsibility should be shared with other global institutions.

Is there an alternative or a complementary body to substitute for or work closely with the DAC in executing its oversight of progress made on aid effectiveness? Many believe, for a variety of reasons, that the United Nations should play a more prominent role in improving aid effectiveness. All states are represented at the United Nations. Most of the stakehold-

ers currently excluded from the DAC—such as the G-77, the G-30, and the south-south groupings—are part of the UN family. The United Nations has the ability, as the custodian of the MDGs, to create a direct link between aid effectiveness and development effectiveness. The newly established UN Development Cooperation Forum has been mentioned as an appropriate platform to oversee the aid effectiveness debate. The presence of the United Nations in all countries and its role as a broker in the debates on official development assistance (ODA) in the field means it has an already-established network to ensure a field-level presence. Also, the United Nations has been actively participating in the DAC and has played a leading role in many of the regional meetings, and thus already has a wealth of institutional knowledge.

But others point out that the United Nations has its own challenges as a big, slow-moving ship. Change takes time. As much as the United Nations facilitates certain discussions at the field level, it also sometimes oversteps its boundaries and acts as a supradonor. Development practitioners and other interested stakeholders argue that UN representatives are mainly political representatives from countries, which could have a negative impact on the reality of managing ODA in the field. The ideal solution is to bring together the development experts to design and oversee the aid effectiveness standards. But a vocal and committed champion for improving aid effectiveness has not yet emerged from the UN family, and this lack of leadership is probably the biggest criticism against the United Nations becoming the custodian of aid effectiveness.

The road ahead

Whether it is the Paris Declaration, the proposed Accra agenda for action, or any other global standard, it should be conceived and monitored by all of its stakeholders and thus, irrespective of where the current oversight of the Paris Declaration resides, it is critical that broad partner-country and CSO participation and leadership of the global standards on aid effectiveness are institutionalized in global processes and bodies.

The conception of the Paris Declaration might have been rather one sided, and its parenting mostly by a single parent, but it is a healthy baby, with tremendous potential. And its current limitations are not insurmountable. It does, however, need the involvement of the entire extended family. It needs to be understood by all that the Paris Declaration is not an end in itself, but a means to an end, and that the Accra meeting is a critical milestone in the current global commitment toward improved aid effectiveness. With a commitment from all and with joint leadership, we will have an exciting and positive road ahead, working toward our overarching goal: achieving development for all. ■

Elaine Venter is a development practitioner in South Africa.

Reference:

Oya, Carlos, 2008, "Greater Africa-China Economic Cooperation: Will This Widen 'Policy Space?'" *Development Viewpoint*, No. 4, June (London: Centre for Development Policy and Research, School of Oriental and African Studies, University of London).