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**For Discussion  
Informal Meeting  
Thursday, March 19, 2009**

FROM: Vice President and Corporate Secretary

**Following Up on Accra: A World Bank Action Plan on  
Aid Effectiveness**

1. Attached is a document entitled "Following Up on Accra: A World Bank Action Plan on Aid Effectiveness" that will be discussed by Executive Directors at an informal meeting to be held on **March 19, 2009**.
2. Questions on this document may be addressed to Ms. Lee (ext. 37084).

Distribution:

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**FOLLOWING UP ON ACCRA:  
A WORLD BANK ACTION PLAN  
ON AID EFFECTIVENESS**

**OPERATIONS POLICY AND COUNTRY SERVICES**

**February 26, 2009**



# **FOLLOWING UP ON ACCRA: A WORLD BANK ACTION PLAN ON AID EFFECTIVENESS**

## **I. INTRODUCTION**

1. In September 2008, nearly 2,000 people gathered in Accra, Ghana, for the Third High Level Forum on Aid Effectiveness (HLF). They represented a wide range of development actors—low-income countries, middle-income countries, fragile states, donor countries, international aid organizations, global funds, civil society organizations, parliaments, media—but they were united by the goal of improving the delivery and use of development assistance. To move this agenda forward, they ended the HLF by endorsing the Accra Agenda for Action (AAA).

2. ***Purpose of this Paper.*** Over the last decade, the World Bank has been in the forefront of the global aid effectiveness movement. With the OECD-DAC, the regional development banks, and the United Nations Development Programme, the Bank was active in convening and shaping the Accra HLF, and it played a prominent role in drafting and negotiating the AAA. It takes seriously its responsibility to fulfill the commitments it made in endorsing the AAA. The AAA is an inclusive document, one that addresses concerns of the diverse participants at the HLF. This paper provides a broad overview of the evolving aid effectiveness agenda, highlighting areas critical to increasing the Bank's development effectiveness. Responding to the request of the Development Committee and the IDA Deputies, it also sets out an Action Plan to deepen the Bank's progress over the next 12-18 months.

## **II. THE AAA IN CONTEXT**

3. Recent years have seen major growth in official development assistance—it nearly doubled between 2000 and 2007 (from \$53 to \$103 billion)<sup>1</sup> and is being provided by a growing number of donors using a diversity of channels and instruments.<sup>2</sup> The international community has recognized that this aid fragmentation contributes to high transaction costs, weakens the accountability and ownership of all development partners, and strains institutional capacity in developing countries. The aid effectiveness agenda has been the response to reform aid delivery and management systems and processes, which is needed now more than ever with the onset of the global financial and economic crisis.

4. ***Evolving Agenda.*** The first HLF in Rome, in 2003, drew the development community's attention to the issues of harmonization and engaged high-level

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<sup>1</sup> Based on latest data made public in December 2008.

<sup>2</sup> Recent data indicate that a typical partner country now hosts an average of 30 donors and receives 240 missions annually. In 2006, there were 70,000 aid activities with an average project size of \$1.7 million. The international aid structure now includes over 230 international organizations, funds, and programs, and 60,000 civil society organizations (see *Aid Architecture: An Overview of the Main Trends in Official Development Assistance Flows*, World Bank, May 2008).

commitment to addressing them. The second HLF in Paris, in 2005, broadened the agenda to aid effectiveness and took a major step forward as both developing countries and donors<sup>3</sup> endorsed the Paris Declaration on Aid Effectiveness, committing to specific actions—some with targets and indicators—and agreeing to monitor implementation of those commitments. The third HLF in Accra marked a further step forward, with developing countries demonstrating significantly greater ownership of the aid effectiveness agenda. Developing countries' concerns heavily influenced the HLF agenda; developing countries' representatives were part of all decisions relating to the HLF, and served as discussion chairs and event speakers; and developing countries were full partners in the negotiations leading to the AAA. In other ways, too, the third HLF reflected changes: it involved a much wider range of development actors (global funds, non-DAC donors, parliamentarians, civil society organizations) and drew attention to issues that have assumed increasing prominence, such as governance.

5. ***From the Paris Declaration to the AAA.*** The Paris Declaration highlights five agreed principles of aid effectiveness—ownership, harmonization, alignment, managing - for results, and mutual accountability—translated into over 50 commitments. It is underpinned by an internationally agreed process to monitor implementation progress toward targets set for 2010, through 12 quantitative indicators. Since 2005 it has helped define the aid effectiveness agenda and discourse at the country, institutional, and international levels. The AAA is not a new Paris Declaration: the AAA reflects the evolution of the aid effectiveness agenda and the changes in the international aid architecture since the Paris Declaration was endorsed (see Annex One: Accra Agenda for Action). Together, the Paris Declaration and the AAA substantively define the aid effectiveness framework for the international community as a whole (see Figure 1).

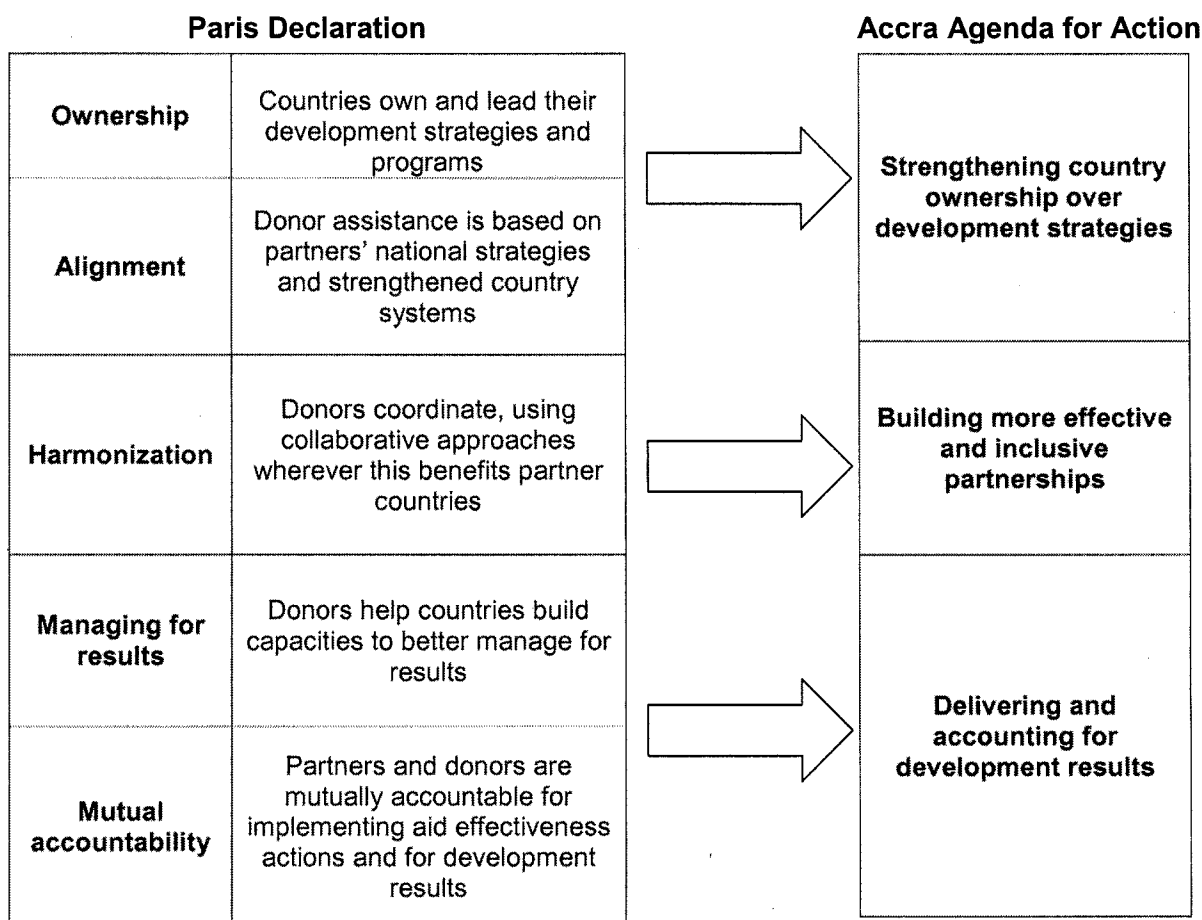
6. ***Focus of the AAA.*** The AAA builds on progress achieved to date on the aid effectiveness agenda and, reflecting the voice of developing countries, it goes beyond harmonization to focus more on strengthened country ownership and inclusive partnership. It underscores mutual accountability<sup>4</sup> for results and increased transparency by all partners. It facilitates implementation of, and accelerates progress in, the aid effectiveness agenda by specifying concrete actions in many areas.

- ***Stronger country ownership:*** The AAA emphasizes that broad national ownership of development strategies, as articulated by developing countries, is central to aid effectiveness. It supports ownership through greater reliance on country systems and capacity development for governments, as well as for civil society organizations and parliaments. These principles have been translated into specific commitments such as: Use country systems as the first option; if not using country systems, transparently state the rationale for this and make clear under what circumstances they could be used. It also highlights the paramount need to support capacity development to enable countries to lead and manage development, and it acknowledges the critical

<sup>3</sup> For convenience, this paper uses the same terms—*developing countries* and *donors*—as the AAA.

<sup>4</sup> *Mutual accountability* refers to donors' and developing countries' joint responsibility for meeting agreed commitments and achieving results on aid effectiveness.

Figure 1. From Paris to Accra



role of parliaments, civil society, and local government bodies in the development process.

- *Broader partnership engagement.* The AAA broadens the aid effectiveness partnership by embracing non-DAC donors, global funds, foundations, the private sector, civil society and other partners to become more involved in the country-led model. Some areas of focus include: recognizing the value of South-South cooperation and the development role of civil society organizations; the need for country leadership to reduce aid fragmentation at the country level; and increased cooperation and collaboration in fragile situations, emphasizing flexible, rapid, long-term funding and tailored support for building the capacity for core state functions. It also reiterates the need to accelerate the untying of funds.
- *Better accounting for results.* The AAA emphasizes accountability and transparency for results, the changing nature of conditionality to support ownership, and the need to increase the medium-term predictability of aid. Key AAA commitments include: align results monitoring with country

information systems and invest in strengthening national statistical systems; agree on and work with a limited set of conditions mutually agreed between donors and countries and disclose them; systematically share three- to five-year planned aid commitments and disbursements; and conduct country-level mutual accountability reviews. It also highlights the need to deepen efforts to fight corruption, highlighting areas such as recovery of stolen assets.

### III. PROGRESS AND WORLD BANK ACTION PLAN

7. The past decade has seen significant changes in aid management. For example, today nearly all countries have a poverty reduction or development strategy, and donors are increasingly aligning their support with those strategies. Both donors and recipient countries have done much to improve their respective accountability for the use and results of aid provided. As part of this broader movement, the World Bank has responded to its evolving business needs by changing the way it conducts business, modernizing its policies and simplifying its procedures, and thus improving the effectiveness of its operations.<sup>5</sup> With this work the Bank has put in place a solid basis and enabling environment for greater aid effectiveness; its next—and continuing—challenge is to build on that foundation to continue with these reforms in alignment with its international commitments, including its IDA15 commitments.

8. **Bank Performance against Indicators.** Both developing countries and donors have made progress on their aid effectiveness commitments, as is shown in the results of the monitoring surveys coordinated by the OECD-DAC (see Figure 2).<sup>6</sup> Indicators 1, 2, and 11 monitor developing country progress; the data show some increase in, for example, the number of countries with operational development strategies and sound results monitoring frameworks. Indicators 3-10 monitor donors' progress, including the Bank's. The data suggest that the World Bank has made significant progress overall and particularly in the 2005-2007 period: it has already met or is within reach of several indicators, such as the use of country public financial management systems, and it is performing quite well relative to the donor averages. The 12 indicators were intended to provide a framework to monitor selected Paris Declaration commitments and allow for comparison across survey participants. The international community will undertake further work to refine these indicators to better reflect performance.<sup>7</sup>

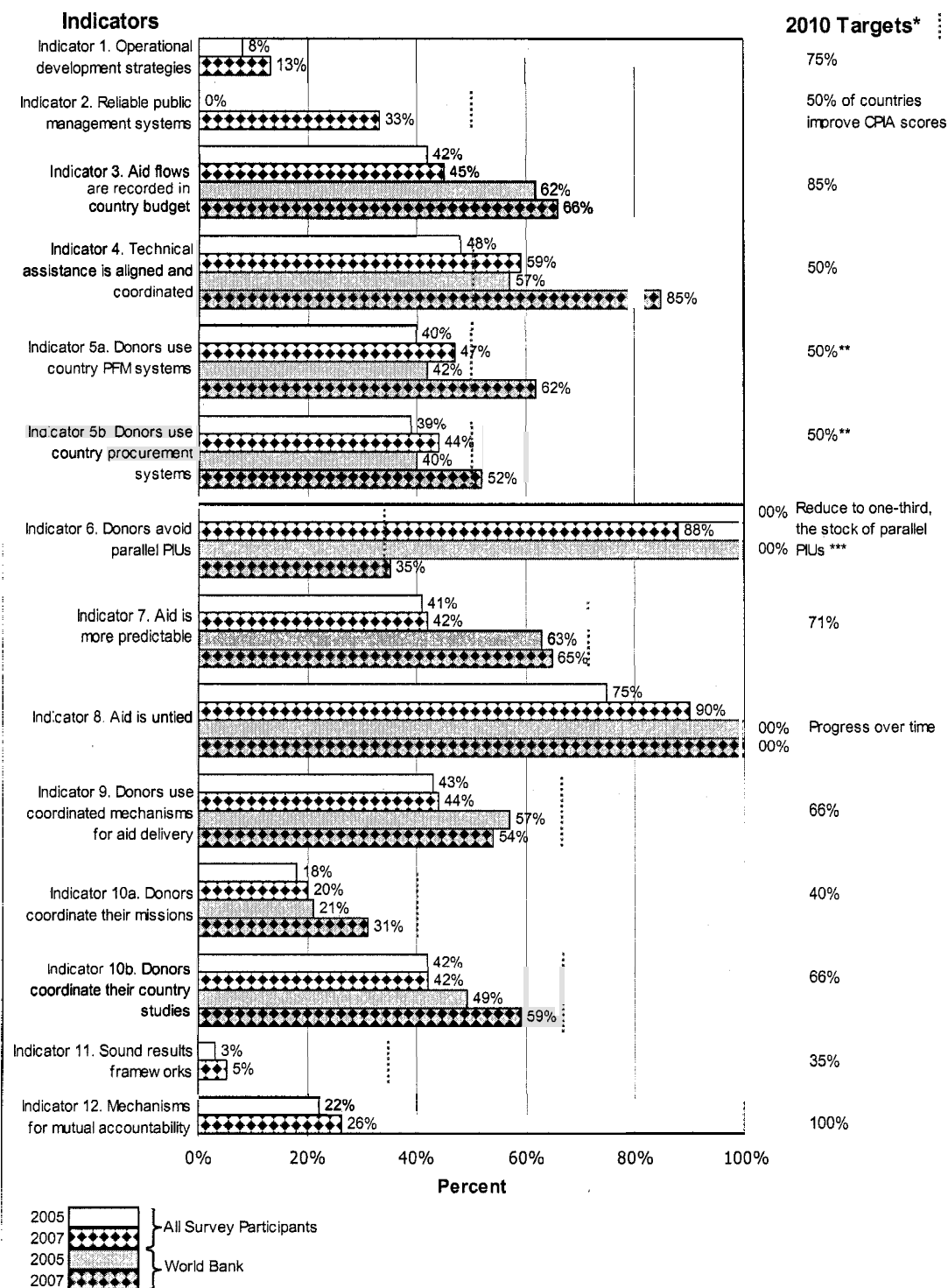
<sup>5</sup> For descriptions of Bank progress on implementing the aid effectiveness agenda, see, for example, *Addition to IDA Resources: Fifteenth Replenishment: IDA-15: the platform for achieving results at the country level*. (IDA/R2008-0021/1), January 31, 2008; *IDA's Role in Enhancing Country-Level Effectiveness: Strengthening Harmonization and Alignment* (IDA/SecM2007-0611), October 2007; and *Harmonization and Alignment for Greater Aid Effectiveness: An Update on Global Implementation and the Bank's Commitments* (R2006-0193), November 2, 2006.

<sup>6</sup> In 2007, survey participants comprised 54 developing countries; 7 multilateral development banks, including the World Bank; 22 governments that provide development assistance; and 2 global programs.

<sup>7</sup> The AAA indicated that there is a need to "improve the methodology and indicators of progress of aid effectiveness" (para. 30).



**Figure 2. Survey on Monitoring the Paris Declaration**  
A comparison between the 2005 and 2007 results



\* These targets were set for the development community as a whole.

\*\*The targets on the use of country financial management and procurement systems were revised to 50% in Accra. The original Paris Declaration target for the two indicators was 80%.

\*\*\* The actual target is "Reduce by two-thirds, the stock of parallel PIUs."

Source: 2008 Survey on Monitoring the Paris Declaration: Making Aid More Effective by 2010, OECD, 2008; Results-Based National Development Strategies: Assessment and Challenges Ahead (SecM2008-0009), January 10, 2008; and Accra Agenda for Action, September 2008. CPIA scores are available at <http://go.worldbank.org/S2THW11X60>.

9. ***Beyond the Paris Indicators.*** To complement the Paris Survey data, the World Bank has drawn upon qualitative country reports prepared by developing countries in the context of the survey and its own country-level reviews of progress; interaction with and feedback from donor agencies and shareholders (including during IDA15 negotiations); lessons learned in conjunction with the Accra HLF; and the Multilateral Organizations Performance Assessment Network (MOPAN) assessment. From this work, the Bank has identified areas in which it does quite well—for example, actively supporting national development strategies and aligning CASs with them—as well as areas in which it has made some progress but needs to do more.

10. ***Accelerating Progress.*** Going forward, the Bank will highlight areas where feedback has suggested that continued progress is needed, guided by key priorities of the AAA. Some examples:

- Use of country procurement systems: to a large degree the Bank relies on national procurement procedures—that are part of country procurement systems and consistent with Bank policies—for national competitive bidding, shopping, and the hiring of individual consultants. Going forward, the need is to focus on international competitive bidding procedures; to this end the Bank is now furthering its efforts to develop and use country systems through the piloting program approved by the Board of Directors in June 2008.<sup>8</sup>
- Use of parallel PIUs: the Bank has made progress in integrating project management into existing country structures, but it needs to develop specific criteria to more aggressively move toward integrated systems, build country capacity, and provide explicit justifications when parallel PIUs are used.
- Inclusion of non-DAC partners: the Bank engages actively with funds and private foundations at the corporate level, but it could provide more assistance on aid effectiveness policies and practices to new/emerging donors and facilitate learning through South-South partnerships.
- Selectivity under country leadership: the Bank actively participates in country-level division-of-labor exercises and joint budget support groups, but it could do better in using the CAS process to be more selective.
- Mutual accountability reviews: this area is new for the Bank as well as the development community as a whole. A small number of countries have carried out mutual assessments, and the Bank needs to encourage such country-led exercises; continue participating actively in them; report on their results; and gather, disseminate, and implement good practices.
- Aid predictability: the Bank publishes one-year and medium-term commitments in CASs, and disbursement projections can be derived from them. IDA has also substantially improved the predictability of its country resource envelopes over time. However, the Bank is still perceived as

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<sup>8</sup> See *Use of Country Procurement Systems in Bank-Supported Operations: Proposed Piloting Program* (R2008-0036/5) May 5, 2008.

providing inadequate information on its commitments and disbursements; in many cases staff do not regularly discuss this information with governments so that it can be integrated into country budgets. Additionally, the Bank could better support governments in monitoring aid flows, especially in the current crisis environment.

11. The Bank will build on its solid foundation of increasing aid effectiveness and will continue to focus on accelerating progress in the lead up to 2010-11, when concrete outcomes are expected, progress will be monitored and the fourth High Level Forum will be held. It will pragmatically balance the tensions which are regularly faced at the country level, such as: balancing the need for flexibility and speed (especially in the face of crises) with the well-defined structures of joint financing arrangements; and coupling the need to move rapidly to rely more on country systems with the need for fiduciary responsibility, especially in capacity constrained contexts. It will also continue to make internal budget adjustments, to address the financial costs of decentralization, devote more time, effort and budget to partner coordination, and deliver larger programs.

12. **Action Plan.** The Bank's Action Plan for aid effectiveness work over the next 12-18 months is set out in the attached matrix. It provides a list of actions for a relatively short time, recognizing that priorities need to evolve as the Bank and global conditions change. The current economic and financial crisis, potentially causing greater uncertainty related to aid flows, provides a stark reminder of the need for adaptability. The Action Plan highlights priorities going forward, some ongoing—which will require sustained focus and effort—and some new. Commitments which have received increased visibility since Accra—such as working with new partners (civil society) and donors (non-DAC donors), and deepening capacity development efforts—will require attention to further develop specific actions. The plan covers areas that are priorities for the Bank's own work with partners at the country level, as well as areas in which the Bank expects to provide leadership internationally.

- *Bank Agenda:* Key priority areas for the Bank include: (i) strengthening country ownership, with a particular focus on capacity development drawing especially on WBI experience and resources; (ii) increasing the use of country systems; (iii) effectively engaging in Fragile/Post-Conflict Situations; (iv) promoting the inclusion of non-DAC donors and funds; (v) improving management for development results; and (vi) improving transparency, governance and accountability. Actions in these priority areas will build on work undertaken in key corporate initiatives, such as the Bank's Investment Lending Reform, the Knowledge Agenda, and the Governance and Anti-Corruption Strategy, as well as regional initiatives (e.g. The Africa Action Plan) and sector initiatives (e.g. Health Systems for the Health MDGs Program).
- *International Agenda:* In working with the international community—notably in its close involvement in the Working Party on Aid Effectiveness hosted by the OECD-DAC—the Bank has been recognized as a leader in a number of areas. Going forward, it can continue to provide technical leadership in areas where it has demonstrated its strength and capacity, such as financial management and

procurement, results, and monitoring the aid effectiveness agenda. It can also lead by example in such areas as untied aid, good practice conditionality, and fragile states. In these and other areas, the Bank will continue to help shape the international aid effectiveness agenda by supporting the OECD-DAC Working Party and its working groups, and participating in other fora.

13. ***Facilitating Implementation.*** As the aid effectiveness agenda matures, the Bank has been moving from isolated examples of good practice to mainstreaming them into the Bank's culture and practices. To continue this process, the Bank has identified a number of priority areas in which it will need to make progress if it is to successfully deepen its progress in aid effectiveness. It needs to:

- maintain Senior Management's focus on aid effectiveness,
- strengthen Bank capacity, including through improved staff incentives, and
- deepen decentralization

The Bank must also continue to monitor internal progress on the aid effectiveness agenda and provide ongoing feedback on good practices and areas for improvement.

14. These actions are critical to translate evolving Bank policies into common practice at the operational level. For example, the Bank will gather best practices and challenges in key aid effectiveness issues, such as the use of PIUs, and disseminate lessons widely in order to do more and do better. It will increase the number of staff in the field in fragile states, enabling better coordination with donors to develop collaborative CASs. Increasing the Bank's focus on implementation will bring key elements of the aid effectiveness agenda into operations more systematically.

15. ***Reporting on Progress.*** The Bank will continue to keep the Board informed of progress and challenges as it continues to work on this agenda. Regional management will report periodically to the Board on progress related to aid effectiveness at the country level. Separate reporting to the Board will be provided on key agenda items, such as investment lending reform, the implementation of country system pilots, and decentralization. Finally, the IDA15 Mid-Term Review process will provide a timely opportunity for a comprehensive update, including reporting on progress.

## WORLD BANK'S AID EFFECTIVENESS ACTION PLAN

Priority Area	Bank Agenda	International Agenda
<p><b>SUPPORTING THE OVERALL AID EFFECTIVENESS AGENDA</b></p> <p><b>Facilitate implementation and monitor progress</b></p>	<p><b>Corporate signaling</b></p> <ul style="list-style-type: none"> <li>Continue communicating Senior Management commitment to aid effectiveness as a key priority for the Bank, including emphasis on incentives and resources needed for implementation.</li> <li>Finalize and implement a new investment lending policy.</li> <li>Implement the Bank's Knowledge Agenda.</li> </ul> <p><b>Strengthen Bank capacity</b></p> <ul style="list-style-type: none"> <li>Gather best practices on key aid effectiveness issues (including sector wide and budget support, conditionality, use of country systems and PIUs, predictability, and mutual accountability) and enhance Bank staff training in these key areas.</li> <li>Review Bank progress and continue to improve staff incentives for aid effectiveness by incorporating aid effectiveness competencies in targeted HR decisions (e.g., hiring key managers, promotions, and staff assessments).</li> </ul> <p><b>Deepen decentralization</b></p> <ul style="list-style-type: none"> <li>Building on "<i>Toward a Global Bank: Discussion Note</i>," further increase decentralization of staff and delegation of authority to the field, with an emphasis on Africa and fragile states. <ul style="list-style-type: none"> <li>In Africa, increase the number of international staff and the percentage of projects and programs managed in the field relative to FY06 baselines maintaining existing budgets.</li> <li>Launch analysis of alternative approaches to decentralization, e.g., Bank hubs and global recruitment.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Support DAC Working Party on Aid Effectiveness and support working groups.</li> <li>Continue to lead DAC effort to monitor select "Paris 12" indicators (e.g., national development strategies and results framework) and work with DAC to "improve the methodology and indicators of progress of aid effectiveness" (as per AAA).</li> <li>Contribute substantively to the development of HLF-4 in 2011.</li> </ul>

Priority Area	Bank Agenda	International Agenda
	<p><b>Internal monitoring</b></p> <ul style="list-style-type: none"> <li>Disseminate findings of Bank performance on the 2008 Survey on Monitoring the Paris Declaration and lessons for Bank operations going forward.</li> <li>Continue to work with MOPAN on assessments of the Bank in areas related to aid effectiveness.</li> <li>Examine, and upgrade when needed, internal systems to facilitate monitoring of key aid effectiveness actions/indicators.</li> </ul>	
<b>STRENGTHENING COUNTRY OWNERSHIP OVER DEVELOPMENT</b>		
<p><b>Strengthen country ownership</b></p>	<p><b>Capacity development</b></p> <ul style="list-style-type: none"> <li>Support government capacity to consult civil society and institutions (local governments, parliaments) on country assistance strategies.</li> <li>Continue to disseminate good practices and support countries to make national development strategies more operational, including better prioritization and stronger links to budget and results frameworks.</li> <li>Continue the implementation of the “Capacity Development in Africa: Management Action Plan.”</li> </ul> <p><b>Improve Bank strategies and instruments to support ownership</b></p> <ul style="list-style-type: none"> <li>Monitor CAS and DPL support of ownership and alignment, reflecting national priorities.</li> <li>Update good practice note on joint/collaborative CASs including country-led division of labor among donors.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to co-chair the Learning Network on Capacity Development..</li> <li>Contribute to the joint donor facility Capacity Development for Development Effectiveness (WB, UNDP, ADB and JICA).</li> </ul>
<p><b>Increase use of country systems</b></p>	<ul style="list-style-type: none"> <li>Continue the integration of PIUs into existing country structures as the first option, and strengthen corporate guidance.</li> <li>Publicly disclose a new report on all fiduciary activities covering procurement and financial management, including the use of country systems.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to contribute to the DAC Working Group on Financial Management, the MDB-FM Harmonization group and the PEFA Steering Committee.</li> <li>Collaborate/lead global dialogue for supporting and strengthening Supreme Audit Institutions.</li> </ul>

Priority Area	Bank Agenda	International Agenda
	<ul style="list-style-type: none"> <li>Intensify efforts to increase country capacity to develop and rely on country systems.</li> </ul> <p><b>Financial management (FM)</b></p> <ul style="list-style-type: none"> <li>Finalize and disseminate guidelines for assessing fiduciary risks in the use of country FM systems in investment lending projects to accelerate and deepen use of country systems as the default position when circumstances permit.</li> </ul> <p><b>Procurement</b></p> <ul style="list-style-type: none"> <li>Pilot the use of country procurement systems in approximately a dozen countries over a two-year period.</li> <li>Monitor the expected decrease in Bank prior review (stemming from the recent update of maximum prior-review thresholds); the related increase in post-review and independent procurement audits/reviews; and the gradual introduction of joint fiduciary audits.</li> <li>Encourage the greater use of national procedures under national competitive bidding, when feasible, especially in IDA countries.</li> </ul> <p><b>Safeguards</b></p> <ul style="list-style-type: none"> <li>Continue pilot on the use of safeguards systems, which has broadened its scope from the project to the country level.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to lead and contribute to the work of the DAC Working Group on Procurement.</li> <li>Pursue the collaboration with other MDBs under the Heads of Procurement of IFIs group with regard to harmonization of policies, procedures and standard bidding documents.</li> <li>Continue to develop e-government procurement, public-private partnerships, environmentally and socially responsible procurement, integrity in procurement with other MDBs, private sector associations, and CSOs such as FIDIC, CICA, and trade unions.</li> </ul>
<p><b>Engage effectively in Fragile/ Post-Conflict Situations (FCS)</b></p>	<p><b>BUILDING MORE EFFECTIVE AND INCLUSIVE PARTNERSHIPS</b></p> <p><b>Improve country strategies</b></p> <ul style="list-style-type: none"> <li>Work with donors to develop collaborative CASs and enhance donor coordination, including in capacity development.</li> <li>Review selectivity and division of labor in fragile states CASs and identify good practices.</li> </ul> <p><b>Staffing</b></p> <ul style="list-style-type: none"> <li>Continue to use the database of staff with experience in fragile states and newly created Global Expert Teams for fragile and conflict</li> </ul>	<ul style="list-style-type: none"> <li>Work with the UN and DAC to shape international response to FCS via the implementation of the UN-Bank framework on collaboration.</li> <li>Continue to collaborate with the UN and EC on post-crisis assessments and recovery planning.</li> <li>Contribute to UN Peace-Building report.</li> <li>Participation in OECD International Network on Conflict &amp; Fragility (INCAF), including co-</li> </ul>

Priority Area	Bank Agenda	International Agenda
	<p>situations.</p> <ul style="list-style-type: none"> <li>Monitor progress of revised HR policies and incentives to promote global mobility, with specific incentives for staff to be based in fragile states.</li> </ul> <p><b>Bank policy</b></p> <ul style="list-style-type: none"> <li>Review Bank experience on policy related to rapid response implementation (OP#8.00).</li> </ul>	<p>chairing task team on state and peace building and participation in the task team on financing FCS.</p> <ul style="list-style-type: none"> <li>Provide technical support, via INCAF, for country-led monitoring of the implementation of the Principles of Good Engagement in Fragile States &amp; Situations.</li> </ul>
<p><b>Promote inclusion of Non-DAC donors and funds</b></p>	<ul style="list-style-type: none"> <li>Continue to engage actively with global funds and foundations at the corporate level to learn from them and encourage their implementation of good aid practices.</li> <li>Facilitate and support country efforts to incorporate non-DAC partners in aid effectiveness actions.</li> </ul>	<ul style="list-style-type: none"> <li>Provide assistance on aid effectiveness policies and practices to new/emerging donors and funds, and involve them in the aid effectiveness monitoring effort.</li> <li>Engage non-DAC donors in dialogue on key development issues, e.g. post-conflict/fragile states.</li> <li>Facilitate learning from South-South partnerships including through the South-South Experience Exchange Trust Fund.</li> <li>Undertake further analytic work on the changing Aid Architecture.</li> </ul>
<p><b>Improve management for development results</b></p>	<ul style="list-style-type: none"> <li>Further develop and refine the IDA Results Monitoring System. <ul style="list-style-type: none"> <li>Continue reporting on Tier 1 and Tier 2 IDA RMS indicators, making use of standardized core sector indicators introduced for four key IDA RMS sectors.</li> <li>Develop a web-based results data system to monitor progress in IDA countries.</li> </ul> </li> <li>Assess coverage of statistical capacity in CASs.</li> <li>Enhance the focus, during project implementation, on achieving results.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to contribute to OECD-DAC Joint Venture on Management for Development Results (MfDR) and support international capacity building on results via communities of practices.</li> <li>Launch the new Statistics for Results Facility, supported by donors, to improve country statistical capacity linked to the country-led monitoring of PRSPs and other national</li> </ul>

**DELIVERING AND ACCOUNTING FOR DEVELOPMENT RESULTS**



Priority Area	Bank Agenda	International Agenda
		<p>development strategies.</p> <ul style="list-style-type: none"> <li>Continue to coordinate and support the CAP-Scan process with the UNDP and the MCC to enable the development and implementation of MfDR frameworks.</li> <li>Continue to participate in the annual publication of the Common Performance Assessment Report (COMPAS) in collaboration with the AfDB, ADB, EBRD, and IDB.</li> </ul>
<p><b>Improve transparency, governance and accountability</b></p>	<ul style="list-style-type: none"> <li>Finalize a revised Disclosure Policy.</li> <li>Review IDA's performance with respect to predictability of disbursements at the country level, and take actions based on findings.</li> <li>Ensure more systematic and regular discussions of expected one year and medium-term Bank commitments and disbursements, and provide support to enhance links between aid flows and government budgets.</li> </ul>	<ul style="list-style-type: none"> <li>Support execution of StAR action plan.</li> <li>Continue to promote untying of aid by other donors.</li> <li>Continue to develop work on predictability in conjunction with DAC team.</li> <li>Contribute to DAC effort to review and document good practices on full disclosure and use of conditionality.</li> <li>Participate in and help strengthen mutual accountability exercises at the country level and provide guidance on good practices.</li> <li>Continue to lead the Legal Harmonization Initiative.</li> </ul>

## ACCRA AGENDA FOR ACTION

*Ministers of developing and donor countries responsible for promoting development and Heads of multilateral and bilateral development institutions endorsed the following statement in Accra, Ghana, on 4 September 2008 to accelerate and deepen implementation of the Paris Declaration on Aid Effectiveness (2 March 2005).*

### ***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. There has been progress. Fifteen years ago, two out of five people lived in extreme poverty; today, that figure has been reduced to one in four. However, 1.4 billion people—most of them women and girls—still live in extreme poverty<sup>1</sup>, and access to safe drinking water and health care remains a major issue in many parts of the world. In addition, new global challenges—rising food and fuel prices and climate change—threaten the advances against poverty many countries have made.
3. We need to achieve much more if all countries are to meet the Millennium Development Goals (MDGs). 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 opportunity 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 High Level Event on the MDGs 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 and building on the 2003 Rome Declaration on Harmonisation, in March 2005 we adopted an ambitious set of reforms: the Paris Declaration on Aid Effectiveness. In the Paris Declaration, we agreed to develop a genuine partnership, with developing countries clearly in charge of their own development processes. We also agreed to hold each other accountable for achieving concrete development results. Three and one-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 co-ordination 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. Evidence shows that we will need to address three major challenges to accelerate progress on aid effectiveness:

8. *Country ownership is key.* Developing country governments will take stronger leadership of their own development policies, and will engage with their parliaments and citizens in shaping those policies. Donors will support them by respecting countries' 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—have been increasing their contributions and bringing valuable experience to the table. This also creates management and co-ordination 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. Without addressing these obstacles to faster progress, we will fall short of our commitments and miss opportunities to improve the livelihoods of the most vulnerable people in the world. Therefore, we are reaffirming the commitments we made in the Paris Declaration and, in this Accra Agenda for Action, are agreeing on concrete and monitorable actions to accelerate progress to meet those commitments by 2010. We commit to continuing efforts in monitoring and evaluation that will assess whether we have achieved the commitments we agreed in the Paris Declaration and the Accra Agenda for Action and to what extent aid effectiveness is improving and generating greater development impact.

**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. To further this objective we will take the following actions:

- a) Developing country governments will work more closely with parliaments and local authorities in preparing, implementing and monitoring national development policies and plans. They will also 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, media and the private sector—to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives.
- c) Developing countries and donors will ensure that their respective development policies and programmes are designed and implemented in ways consistent with their 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 the Paris Declaration that capacity development is the responsibility of developing countries, with donors playing a supportive role, and that technical co-operation is one means among others to develop capacity. 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) promote the provision of technical co-operation by local and regional resources, including through 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 developing 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 committed to strengthen their systems<sup>2</sup> and donors committed to use those systems to the maximum extent possible. Evidence shows, however, that developing countries and donors are not on track to meet these commitments. Progress in improving the quality of country systems varies considerably among countries; and even when there are good-quality country systems, donors often do not use them. Yet it is recognised that using country systems promotes their development. To strengthen and increase the use of country systems, we will take the following actions:

- a) Donors agree to use country systems as the first option for aid programmes in support of activities managed by the public sector.
- b) Should donors choose to use another option and rely on aid delivery mechanisms outside country systems (including parallel project implementation units), they will transparently state the rationale for this and will review their positions at regular intervals. Where use of country systems is not feasible, donors will establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.
- c) Developing countries and donors will jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools. Where country systems require further strengthening, developing countries will lead in defining reform programmes and priorities. Donors will support these reforms and provide capacity development assistance.
- d) Donors will immediately start working on and sharing transparent plans for undertaking their Paris commitments on using country systems in all forms of development assistance; provide staff guidance on how these systems can be used; and ensure that internal incentives encourage their use. They will finalise these plans as a matter of urgency.
- e) Donors recollect and reaffirm their Paris Declaration commitment to provide 66% of aid as programme-based approaches. In addition, donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems, including by increasing the percentage of assistance provided through programme based approaches.

### **Building More Effective and Inclusive Partnerships for Development**

16. Aid is about building partnerships for development. Such partnerships are most effective when they fully harness the energy, skills and experience of all development actors—bilateral and multilateral donors, global funds, CSOs, and the private sector. To support developing countries' efforts to build for the future, we resolve to create partnerships that will include all these actors.

#### ***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 levels. We will reduce the fragmentation of aid by improving the complementarity of donors' efforts and the division of labour among donors, including through improved allocation of resources within sectors, within countries, and across countries. 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, ensuring that new arrangements on the division of labour will not result in individual developing countries receiving less aid.

- b) Donors and developing countries will work together with the Working Party on Aid Effectiveness to complete good practice principles on country-led division of labour. To that end, they will elaborate plans to ensure the maximum coordination of development co-operation. We will evaluate progress in implementation starting in 2009.
- c) We will start dialogue on international division of labour across countries by June 2009.
- d) We will work to address the issue of countries that receive insufficient aid.

***We will increase aid's value for money***

18. 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 others 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 HIPC<sup>3</sup> and will improve their reporting on the 2001 DAC Recommendation.
- b) Donors will elaborate individual plans to further untie their aid to the maximum extent.
- c) Donors will promote the use of local and regional procurement by ensuring that their procurement procedures are transparent and allow local and regional firms to compete. We will build on examples of good practice to help improve local firms' capacity to compete successfully for aid-funded procurement.
- d) We will respect our international agreements on corporate social responsibility.

***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 co-ordinate 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, including those engaged in South-South co-operation, to use the Paris Declaration principles as a point of reference in providing development co-operation.
- b) We acknowledge the contributions made by all development actors, and in particular the role of middle-income countries as both providers and recipients of aid. We recognise the importance and particularities of South-South cooperation and acknowledge that we can learn from the experience of developing countries. We encourage further development of triangular co-operation.
- c) Global funds and programmes make an important contribution to development. The programmes they fund are most effective in conjunction with complementary efforts to improve the policy environment and to strengthen the institutions in the sectors in which they operate. We call upon all global funds to support country ownership, to align and harmonise their assistance proactively, and to make good use of mutual accountability frameworks, while continuing their emphasis on achieving results. As new global challenges emerge, donors will ensure that

existing channels for aid delivery are used and, if necessary, strengthened before creating separate new channels that risk further fragmentation and complicate co-ordination at country level.

d) We encourage developing countries to mobilise, manage and evaluate their international cooperation initiatives for the benefit of other developing countries.

e) South-South co-operation on development aims to observe the principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity and identity and local content. It plays an important role in international development co-operation and is a valuable complement to North-South co-operation.

***We will deepen our engagement with civil society organisations***

20. We will deepen our engagement with 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 CSOs' proposal to engage with them in a CSO-led multistakeholder process to promote CSO development effectiveness. As part of that process, we will seek to i) improve co-ordination 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 maximizes 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 that 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 developing country authorities and other relevant stakeholders to the maximum extent possible.

b) At country level, donors and developing countries will work and agree on a set of realistic peace- and state-building objectives that address the root causes of conflict and fragility and help ensure the protection and participation of women. This process 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 co-ordinated capacity-development support for core state functions and for early and sustained recovery. They will work with developing countries to design interim measures that are appropriately sequenced and that 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 collaboration with developing countries, donors will foster partnerships with the UN System, international financial institutions and other donors.

e) At country level and on a voluntary basis, donors and developing countries will monitor implementation of the Principles for Good International Engagement in Fragile States and Situations, and will share results as part of progress reports on implementing the Paris Declaration.

### **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 recognize 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 by improving information systems, including, as appropriate, disaggregating data by sex, region and socioeconomic status.
  - b) Developing countries and donors will work to develop cost-effective results management instruments to assess the impact of development policies and adjust them as necessary. We will better co-ordinate 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, developing countries' national statistical capacity and information systems, including those for managing aid.
  - d) We will strengthen incentives to improve aid effectiveness. We will systematically review and address legal or administrative impediments to implementing international commitments on aid effectiveness. Donors will pay more attention to delegating sufficient authority to country offices and to 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. They lie at the heart of the Paris Declaration, in which we agreed that countries and donors would become more accountable to each other and to their citizens. We will pursue these efforts by taking the following actions:

- a) We will make aid more transparent. Developing countries will facilitate parliamentary oversight by implementing greater transparency in public financial management, including public disclosure of revenues, budgets, expenditures, procurement and audits. Donors will publicly disclose regular, detailed and timely



information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and audit by developing countries.

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 have endorsed the Declaration. These reviews will be based on country results reporting and information systems complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement. With them we will hold each other accountable for mutually agreed results in keeping with country development and aid policies.

c) To complement mutual assessment reviews at country level and drive better performance, developing countries and donors will jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries. We will review proposals for strengthening the mechanisms by end 2009.

d) Effective and efficient use of development financing 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. Developing countries will address corruption by improving systems of investigation, legal redress, accountability and transparency in the use of public funds. Donors will take steps in their own countries to combat corruption by individuals or corporations and to track, freeze, and recover illegally acquired assets.

***We will continue to change the nature of conditionality to support ownership***

25. To strengthen country ownership and improve the predictability of aid flows, donors agreed in the Paris Declaration that, whenever possible, they would draw their conditions from developing countries' own development policies. We reaffirm our commitment to this principle and will continue 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 mutually agreed conditions based on national development strategies. We will jointly assess donor and developing country performance in meeting commitments.

b) Beginning now, donors and developing countries will regularly 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 with a view to reinforcing country ownership and other Paris Declaration Principles by increasing emphasis on harmonised, results-based conditionality. They 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 needed to enable developing countries to effectively plan and manage their

development programmes over the short and medium term. As a matter of priority, we will take the following actions to improve the 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) Beginning now, 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) Beginning now, donors will provide developing countries with regular and timely information on their rolling three- to five-year forward expenditure and/or implementation plans, with at least indicative resource allocations that developing countries can integrate in their medium-term planning and macroeconomic frameworks. Donors will address any constraints to providing such information.
- d) Developing countries and donors will work together at the international level on ways of further improving the medium-term predictability of aid, including by developing tools to measure it.

### **Looking Forward**

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

28. The commitments we agree today will need to be adapted to different country circumstances—including in middle-income countries, small states and countries in situations of fragility. To this end, we encourage developing countries to design—with active support from donors—country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action.

29. We agree that, by 2010, each of us should meet the commitments we made on aid effectiveness in Paris and today in Accra, and to reach beyond these commitments where we can. We agree to reflect and draw upon the many valuable ideas and initiatives that have been presented at this High Level Forum. We agree that challenges such as climate change and rising food and fuel prices underline the importance of applying aid effectiveness principles. In response to the food crisis, we will develop and implement the global partnership on agriculture and food swiftly, efficiently and flexibly.

30. 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 Fourth High Level Forum on Aid Effectiveness in 2011. We recognise that additional work will be required to improve the methodology and indicators of progress of aid effectiveness. In 2011, we will undertake the third round of monitoring that will tell us whether we have achieved the targets for 2010 agreed in Paris in 2005.<sup>4</sup> To carry

forward this work, we will need to develop institutionalised processes for the joint and equal partnership of developing countries and the engagement of stakeholders.

31. We recognise that aid effectiveness is an integral part of the broader financing for development agenda. To achieve development outcomes and the MDGs we need to meet our commitments on both aid quality and aid volumes. We ask the Secretary General of the United Nations to transmit the conclusions of the Third High Level Forum on Aid Effectiveness to the High Level Event on the MDGs in New York later this month and the Financing for Development Review meeting in Doha in November 2008. We welcome the contribution that the ECOSOC Development Co-operation Forum is making to the international dialogue and to mutual accountability on aid issues. We call upon the UN development system to further support the capacities of developing countries for effective management of development assistance.

32. 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 in which no countries will depend on aid.

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<sup>1</sup> These figures are based on a recent World Bank study that found the poverty line to be \$1.25 a day in 2005 prices.

<sup>2</sup> These include, but are not limited to, systems for public financial management, procurement, audit, monitoring and evaluation, and social and environmental assessment.

<sup>3</sup> The 2001 DAC recommendation on Untying ODA to the Least Developed Countries (LDCs) covers 31 so-called Heavily 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 remaining eight countries that are part of the HIPC initiative: Bolivia, Cameroon, Côte d'Ivoire, Ghana, Guyana, Honduras, Nicaragua and Republic of Congo.

<sup>4</sup> We will have that information available for the Fourth High Level Forum on Aid Effectiveness in 2011, along with comprehensive second phase evaluations of the implementation of the Paris Declaration and the Accra Agenda for Action as of 2010. Attention will also be paid to improving and developing communications on aid effectiveness for long-term development success and broad-based public support.