

Aid effectiveness through the recipient lens

The impact of aid depends on donor behaviour and procedures going beyond Paris and Accra

Development depends, in part, on how effectively foreign aid is delivered and managed. In recognition of this link, donors are under pressure, increasingly, to improve their behaviour and procedures. Best practice principles are cemented in international resolutions such as the Paris Declaration (PD) and Accra Agenda for Action (AAA), as well as donor-specific strategies such as Spain's 2009-2012 Master Plan and the UK Department for International Development's 2009 White Paper. The commitments contained in these documents are important for aid effectiveness. Yet recipient governments believe donors should implement a much deeper and broader set of changes.

This Briefing Paper highlights key findings from in-person interviews with politicians and government officials in Ethiopia, Sierra Leone and Zambia. In addition, it draws upon findings from previous Overseas Development Institute (ODI) research on stakeholder perceptions and on the messages emerging from partner country consultations preceding the Third High Level Forum on Aid Effectiveness in 2008. This exclusive, and unfiltered, focus on the perspectives of recipients highlights the opinions of a group of stakeholders that is often under-represented in the international arena. While aid recipients are also responsible for developmental impact, their contribution is well covered by other research.

Recipient government sources indicate that if donors are to maximise the impact of their development assistance, they must do more than implement the internationally identified principles of aid effectiveness. The 12 indicators of progress used to monitor the Paris Declaration commitments, while



Donors voice their commitments, but need to go much further

important, are too narrowly defined. Even the Paris and Accra texts themselves – which include a number of additional, though not monitored, commitments – are themselves insufficient. The definitions of principles such as 'predictability' and 'transparency' lack depth, as a number of important sub-dimensions are not emphasised. In addition, current declarations lack breadth: a number of behaviours and procedures that are vital for donor effectiveness, such as adapting aid programmes and procedures to the specific context of each recipient country, are not captured sufficiently. Given these shortcomings, donors should not limit the focus of debate and action to the current set of commitments and indicators.

Research also reveals some donor procedures where no consensus has been reached on what constitutes best practice. Where such differences in opinion arise, the evidence suggests they should be acknowledged and debated rather than dismissed.

Key points

- The Paris and Accra commitments are insufficient to ensure donors improve the development impact of their aid
- Greater understanding of the terms 'predictability', 'transparency' and 'mutual respect' is needed
- A more imaginative agenda, coupled with intelligent and purposeful donor action, is part of the solution

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Going deeper

The Paris Declaration and Accra Agenda for Action highlight a range of principles of aid effectiveness. However, our sources suggest that recipient governments' perceptions of donor effectiveness are based on definitions that go deeper than current indicators and commitments on aid effectiveness. While the aspects detailed in current declarations are important, recipient governments feel that other dimensions receive relatively little, if any, attention. There are three key examples.

The **predictability** of aid flows was identified as one of the six partner country priorities for the Accra High Level Forum, given the impact of predictability on planning and financial management. Its importance is clear in both the Paris Declaration and AAA. Through these documents, donors are encouraged to disburse funding within the fiscal year for which it was scheduled, provide *'full and timely information on annual commitments and actual disbursements'* and supply *'regular and timely information on their rolling three- to five-year forward expenditure and/or implementation plans'*. The ODI study found that all three aspects of predictability are emphasised by recipient governments as important for donor effectiveness. However, recipient representatives also stress that – if projects are to move forward as planned – donors should disburse aid in the calendar quarter for which it was scheduled and make strenuous efforts to minimise underfunding of commitments. The current Paris Declaration indicator of predictability makes no distinction between a donor that disburses in the first quarter and a donor that disburses in the fourth quarter.

A number of things that donors could do to enhance predictability have received relatively little attention in current declarations. In particular, according to a range of recipient government officials, donors should translate pledges into actual commitments, speed up approval processes, and, as far as possible, limit themselves to conditionalities that are achievable and explicit. Donors should also consider government capacity, context and effort before withholding funds when a minor condition is not fully achieved. If they were to do this, the likelihood of a steady flow of aid funds would be increased. Responses suggest that predictability is particularly important when donors provide budget support, aid to sectors with strict timeframes, such as agriculture, and support to countries with a high level of aid dependence.

Recipients emphasise the importance of donor **transparency**. The need for greater transparency is also stressed throughout the Paris Declaration and AAA. However, while their commitments to increased information on aid flows are in line with recipient government expectations of an effective donor, the declarations do not detail the type of information donors should provide. From a recipient perspective, planning and oversight require information that is disaggregated by sector, actor

and purpose. This means providing information on whether funds are allocated to the country office, the government, NGOs and/or other implementers, and whether funds are earmarked for technical experts or training.

Similarly, recipient government officials agree that donors should, as encouraged by the Paris and Accra declarations, be transparent about why they do not use country systems and/or why they apply additional conditions. But, for the sake of partnership and mutual accountability, they also stress the importance of being more forthcoming in all matters. This includes being frank about why less funding was disbursed than committed, why feedback from the recipient government was not taken on board, and why a given percentage of funds was earmarked for certain activities such as technical assistance (TA). Several respondents in both the recent ODI study and the pre-Accra Asian consultations urged donors to make all their reports (including audits and evaluations) available.

Capacity development was one of the top priorities for developing country participants at the Accra High Level Forum, alongside predictability. Its importance comes across strongly in both the Paris Declaration and AAA. In addition to a section dedicated to capacity-development commitments, the Paris Declaration includes an indicator for monitoring the percentage of capacity-development support provided through coordinated programmes that are consistent with partners' national development strategies. The need to build capacity is also stated or implied in most sections of both declarations, including those on alignment, harmonisation and fragile states.

Capacity development is often linked to the use and strengthening of country systems and procedures. Our study suggests, however, that recipients are equally concerned with a number of other donor behaviours that are related to capacity building – emphasising the need to make greater use of local expertise and not imposing additional components, particularly technical assistance, as part of an 'aid package'. There was a feeling among several interviewees that, at present, donors focus far too much on the TA side of capacity development.

Similarly, while the declarations focus on building the capacity of human resources and institutions, recipient governments seem as focused on the need to secure sufficient office space, computers, vehicles, and so on. The importance of quality also came across strongly in the ODI study. Projects – including capacity-building exercises – should be sustainable. And if technical advisers are needed, they should be expert and experienced, and should work actively to transfer knowledge to local counterparts.

A broader agenda

The principles emphasised by the Paris Declaration and the AAA are vital for aid effectiveness (and

development more broadly). However, the ODI study found that governments' perceptions of donor effectiveness are also based on behaviours and procedures that have received relatively little, if any, attention in current discussions of aid effectiveness. Two such examples are mutual respect and adaptation to the country context.

The Paris and Accra Declarations allude to the importance of **mutual respect** between donors and government – including the sections on accountability, ownership and transparency. In addition, Paris Declaration indicator 12 calls on partner countries and donors to *'jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness'*. While such mechanisms are important for accountability, recipient governments consider a number of additional donor behaviours also relevant to 'partnership' and aid effectiveness. In particular, donors should treat government staff as equals, recognising the opportunities for mutual learning and exchange of ideas. In addition, donors need to improve communication with government officials (for example, providing timely information about scheduled missions and disbursement delays) and to participate in regular and frank dialogue. This is the way to improve trust between donors and recipients – a need highlighted at both the South Asia and Central and West Asia pre-Accra consultations – enabling them to work together more effectively.

Recipient governments also consider a donor's willingness and ability to **understand and adapt** to each country context as key to the overall effectiveness of its aid. The Paris and Accra Declarations acknowledge the importance of donor adaptation in fragile states. But neither requires donors to consider the context of each country – regardless of its level of stability. According to the findings of the ODI study, donors should adjust their procedures and conditions to the capacity of the government, take the time to understand each country's culture and design interventions that match the specific needs of the intended beneficiaries. The latter can be achieved through regular, quality consultation, making proper use of local consultants and delegating greater authority to country offices.

Policy implications

In view of the messages emerging from partner country consultations, the international community – particularly donors – should take into account the following three principles:

- 1) focus on the big picture and the final objective;
- 2) translate agreements into action; and
- 3) pursue the aid effectiveness agenda with imagination.

The big picture and final objective

The Paris Declaration and Accra Agenda for Action have moved the aid effectiveness agenda forward significantly. The commitments and indicators they contain, and the political momentum behind them, are invaluable. Yet these documents on their own are not enough to ensure donors behave in a manner that improves the impact of aid on development. As pointed out in the phase one Paris Declaration Evaluation, serious consideration should be given to all the dimensions of donor effectiveness referred to in the declarations, not just the time-bound and measurable indicators. There is also a need for greater understanding of, and commitment to, dimensions of donor effectiveness that are not highlighted in the declarations. This is not simply a matter of generating an even longer list of best practice behaviours and procedures. Lists are rarely exhaustive and some of the elements of an effective donor are difficult to capture in short phrases. Focusing too closely on the details risks diverting attention from the final objective: making aid work for development.

Translate agreements into action

The difficulty of doing this should not be underestimated. Changing entrenched practices is never easy (as shown by the slow progress to date in implementing the Paris commitments). The following is a non-exhaustive guide:

- Donor staff and institutional incentives must be aligned with aid effectiveness principles. While the importance of incentives is increasingly acknowledged, there is less clarity on how to overcome current incentive challenges. Strong and decisive leadership from senior management, as well as an office culture and a pay structure that encourage innovative behaviours, are likely elements.
- Many of the changes likely to support further donor effectiveness are known. For example, delegating donor decision-making power to country offices can increase the predictability and transparency of aid, and strengthen the relationship between donors and government. What is needed is increased urgency to implement these changes.
- The steps needed to improve some donor behaviours, such as those relating to mutual respect, are less clear. Here, there is need for creative thinking and experimentation. For example, longer donor staff postings could improve donor-government relations and ease the pressure on staff to demonstrate short-term, visible results in ways that harm long-term, durable development.
- Where possible, legal impediments to aid effectiveness should be overcome, not deferred to. Parliamentary procedures that prevent donors



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from making long-term aid commitments can be changed. Public (and political) opinion can be educated on the appropriate use of conditionality.

Pursue the agenda with imagination

The message from the ODI research and recent consultations with recipient governments is clear: an effective donor is one that goes beyond the indicators and commitments established so far. While progress has been made, innovative new ways need to be found to refresh and renew the aid effectiveness agenda. Recent initiatives show the way.

A growing number of signatories to the International Aid Transparency Initiative have pledged to provide timely and detailed information on aid flows and related activities. If this initiative is ambitious enough in scope and is able to harness sufficient political will, transparency could increase significantly in the coming years. Similarly, in Uganda the government and budget support donors are working to consolidate all Joint Budget Support Framework building blocks into a single Memorandum of Understanding.

A range of new ways of operating – going beyond the current aid effectiveness paradigm – is also

being proposed by scholars and aid practitioners. For example, should donors make use of ‘collaborative markets’ whereby funding is unbundled from programme design, implementation and evaluation? Or perhaps recipients should cap the number of donor missions they are willing to receive each year, auctioning off permits? While some ideas may seem too far outside the current framework, there is merit in considering them – the current ‘way of doing business’ should not be seen as set in stone.

Further steps to not only engage with, but also learn from, non-DAC donors may also spark new ideas. While recipients note that there can be challenges with non-DAC development assistance as well, these donors are often noted for their understanding of developing countries, speedy disbursements and strong respect for government priorities. The decision to base the Fourth High Level Forum in Korea is a step towards the closer exchange of good practice.

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References and useful resources

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Useful resource:

Accra High Level Forum, including information on consultations process: <http://bit.ly/acraagenda>

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