

DEVELOPMENT CO-OPERATION DIRECTORATE
Development Assistance Committee

Working Party on Aid Effectiveness

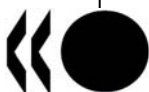
MENU OF OPTIONS
FOR THE ACCRA AGENDA FOR ACTION

This Menu of Options is a companion paper to the 1st Consultative Draft of the Accra Agenda for Action (AAA), which is publicly available at www.accrahf.net. Both the AAA and the actions set out here were drafted to help guide discussions, elicit comments and help specify and achieve agreement on key actions to further strengthen aid effectiveness and the implementation of the Paris Declaration, which will be included in the final outcome document of the 3rd High Level Forum on Aid Effectiveness (HLF-3) in Accra, Ghana, on September 2-4, 2008.

The scheduled consultative meetings that are discussing the 1st Consultative Draft of the AAA are invited to recommend, for each of the 14 areas listed, which actions -- individually or taken together --, will have the best prospects for significantly addressing identified bottlenecks and for garnering collective endorsement (supplementary actions, not currently included in this Menu, might also be recommended). Please note that the various alternative actions are not mutually exclusive and that several alternative actions can be selected and combined.

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M E N U O F O P T I O N S

for the Accra Agenda for Action

PURPOSE

1. This Menu of Options is a companion paper to the *1st Consultative Draft of the Accra Agenda for Action (AAA)*, which is publicly available at www.accrahlf.net. Both the AAA and the actions set out here were drafted to help guide discussions, elicit comments and help *specify* and *achieve agreement* on key actions to further strengthen aid effectiveness and the implementation of the Paris Declaration, which will be included in the final outcome document of the 3rd High Level Forum on Aid Effectiveness (HLF-3) in Accra, Ghana, on September 2-4, 2008.

BACKGROUND

2. The process of considering how to improve aid effectiveness was given impetus as part of the Monterrey Consensus of 2002. That Consensus was a compact between recipients and donors of aid under which demonstrated improvements to country performance and aid quality were required to gain political endorsement of increased aid volumes. The aid community's response to Monterrey led three years ago to the Paris Declaration, which represented the international consensus on steps needed to make aid more effective—and hence be better able to achieve the Millennium Development Goals and other development goals—based on the principles of ownership, alignment, harmonisation, managing for results, and mutual accountability. Moreover, the September 2007 UN Secretary-General initiative of the MDG Africa Steering Group is intended to identify ways in which the international development system can enhance its support for Africa's efforts to achieve the Millennium Development Goals (MDGs).

3. The Paris Declaration incorporates the Monterrey compact and the MDGs and other internationally agreed development goals and sets forth a framework within which partner countries and development partners can work together at the country level to effectively use aid as well as domestic resource to achieve development results.

4. The HLF3 in Accra is the first of three major international events later in 2008 focusing on development issues. It is expected that the actions agreed by the international aid community at HLF3, will inform the discussions later in September 2008 at the United Nations on progress being made toward the MDGs, and also to the Financing for Development Conference in Doha in December 2008 which will discuss the availability of financing. It is also expected that how the international community deals with current global priorities—for instance the food price crisis, climate change, certain diseases that have global impact, and other global challenges—will be informed by this work on strengthening aid effectiveness.

PRIORITY ACTION AREAS

5. The structure of this paper tracks with the priority actions paragraphs in the *1st Consultative Draft of the AAA*. In so doing, this paper proposes an expanded set of *options for actions* on some of the topics that have been identified as being critical, including:

PARIS DECLARATION PILAR		OPTIONS FOR ACTION
I	Ownership & Alignment	A. Medium-term predictability B. Conditionality C. Capacity Development / Technical co-operation D. Country systems E. Untying aid
II	Harmonisation	F. Division of labour G. Incentives H. Countries in fragile situations I. International aid architecture
III	Managing for Results	J. Managing for results
IV	Mutual Accountability	K. Transparency & accountability L. Mutual accountability M. Role of civil society

6. This issues considered in this paper *focus on the areas that partners and donors identified in the 1st draft of the AAA as requiring greater specificity and level of ambition, so as to facilitate discussion and consensus*. The other areas and topics covered in the *1st Consultative Draft of the AAA will be carried forward into the second draft with further refinements based on the inputs from the WP-EFF meeting of April 2-3, on additional comments received, and on further consultations, for instance in the regional workshops*.

7. For each of these areas, a broad spectrum of possible actions are proposed at three different operational levels (actions by partners, actions by donors and joint actions by partners/donors). The options are drawn from proposals submitted by members of the Working Party on aid effectiveness and civil society organisations on 18 April 2008. The proposals have deliberately been *simplified* so as to offer a *clear set of alternative or complementary options for consideration*.

8. The Working Party on aid effectiveness at its meeting on 2-3 April *recognised the importance of capacity development and cross-cutting issues* (gender, environment, human rights, HIV/AIDS, corruption) as development goals that apply across the Menu of Options.

ACTION REQUESTED

9. The scheduled consultative meetings that are discussing the *1st Consultative Draft of the AAA* are invited to *recommend*, for each of the 14 areas listed, *which actions — individually or taken together—, will have the best prospects for significantly addressing identified bottlenecks and for garnering collective endorsement*. Please note that the various alternative actions *are not mutually exclusive* and that several alternative actions can be selected and combined.

10. In providing their comments on each of the areas the consultative meetings are encouraged to provide suggestions that further *operationalise the actions and clarify their application*. Comments are also welcome as to whether the action is agreeable by the time of the Accra High-Level Forum on Aid Effectiveness (2-4 September 2008) or whether an agreement requires additional technical work or discussions that would need to be undertaken over a longer period of time (e.g. by December 2010).

I. OWNERSHIP & ALIGNMENT

Partner countries exercise effective leadership over their development policies and strategies and coordinate development actions. Donors' align their overall support on partner countries' national development strategies, institutions and procedures.

A. MEDIUM-TERM PREDICTABILITY (Para. 13) ¹				
	1. Strengthen medium-term expenditure planning.	2. Improve mechanisms for timely funding	3. Increase medium-term predictability	4. Agree on targets
PARTNERS	Partners strengthen their medium-term expenditure planning for domestic and external resources. They develop medium-term fiscal scenarios as a basis for scaling up agreements.	Partner and donors work together to improve timely funding of development programmes over the medium term by: <ul style="list-style-type: none"> — Improving the design of existing disbursement modalities. 	<ul style="list-style-type: none"> ■ Donors increase the share of aid disbursed on schedule over a three-year rolling period. 	Partner and donors agree to monitor medium-term predictability of aid flows and set targets.
DONORS	Donors provide partners regular and timely information on their forward expenditure plans so that partners can integrate these in their medium-term planning.	<ul style="list-style-type: none"> — Establishing innovative medium-term financing frameworks. — Accelerating expenditures according to plan. 	<ul style="list-style-type: none"> ■ Donors increase the share of aid for which donors provide medium-term information on their expenditure. 	

B. CONDITIONALITY (Para. 10) ¹				
	1. Improve design	2. Harmonise conditions	3. Align conditions	4. Phase out conditions
PARTNERS & DONORS	Donors work with partners to improve the design of conditions so that these respect ownership, focus on elements and areas critical to achieve objectives drawn from countries development strategies and contribute better to development outcomes. In doing so, they will consider: <ul style="list-style-type: none"> — The respective values of different types of conditionality (e.g. ex-ante, ex-post and performance-based conditionality). — Existing good practice principles of ownership, harmonisation, criticality, customisation, transparency and predictability. 	<ul style="list-style-type: none"> ■ Donors harmonise conditions at country level to improve their overall effectiveness of conditions. ■ In countries where more than one donor provide budget support, they agree to review and harmonise their conditions. 	<ul style="list-style-type: none"> ■ Donors align all conditions to the development and reform agendas of partner countries. They support conditions that are fully owned by and part of government policy programmes. ■ They communicate all conditions linked to disbursements to enable country monitoring of conditionality policy, practices, and performance. 	<ul style="list-style-type: none"> ■ Donors and partners agree on international standards for transparently implementing conditions. ■ They agree to phase out policy conditions or reduce/limit the number of conditions (e.g. setting a limit to the number of conditions per programme).

¹ Paragraph numbers are provided, here and in sections below, to help cross-reference the *Menu of Options* and the *1st Consultative Draft of the Accra Agenda for Action*. Thus, 'medium-term predictability' is addressed in paragraph 13 of the *1st Consultative Draft of the AAA*.

C. CAPACITY DEVELOPMENT / TECHNICAL CO-OPERATION (Para. 11)²				
	1. Demand driven.	2. Improve quality.	3. Improve modalities.	4. Promote local markets
PARTNERS	Partners prioritise and sequence strategies to strengthen capacity development including through technical co-operation.	Partners articulate technical co-operation needs in ways that maximise “traction” for capacity development in the involved organisations and systems including for policy work.	Donors and partner countries work together to improve the modalities of technical co-operation.	Donors and partners work together to increase the proportion of technical co-operation drawn from local or regional services and expertise.
DONORS	Donors ensure that technical co-operation is driven by local demand and needs, is aligned to national strategies and priorities and is delivered in ways that strengthen country systems including for service delivery.	Donors ensure that capacity development support is relevant and of highest quality, using state of the art approaches to change management, coaching, training and expert services that combine technical and contextual competencies.		

D. COUNTRY SYSTEMS (Paras. 11-12)³				
	1. Adopt tools to measure performance	2. Strengthen country systems	3. Increase use of country systems	4. Use country systems by default
PARTNERS	Partners and donors adopt tools to assess performance and measure progress of partner country systems including public financial management and procurement.	Partners strengthen country systems and work towards agreed international standards including in public financial management, procurement and monitoring and evaluation.	<ul style="list-style-type: none"> ■ Donors and partners work together at country level on overall strategy and reforms that are aimed at increasing donor’ use of country systems, consistent with the targets agreed in the Paris Declaration for 2010. ■ Donors avoid creating new parallel project implementation units (PIUs). 	/
DONORS		Donors support reforms designed by partner countries to strengthen PFM systems whilst ensuring that their support is aligned with the government’s sequenced approach to reform.		

E. UNTYING OF AID (Para. 15)⁴				
	1. Promote local procurement	2. Increase transparency	3. Increase coverage	4. Untie all aid
DONORS	Donors promote local and regional procurement so as to increase the share of partners in donor procured goods and services (see actions above on using country systems).	DAC donors increase coverage and transparency of reporting in the context of the 2001 DAC Recommendation on untied aid.	DAC donors extend coverage of the 2001 DAC Recommendation to new countries (e.g. to NON-LDC HIPC countries) or new areas (e.g. food aid or technical co-operation).	Donors untie all aid or set individual/collective targets for untied aid (e.g. relative target for Indicator 8 of the Paris Declaration — halve the proportion of aid that is tied).

II. HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective.

F. DIVISION OF LABOUR (Para. 18) ⁵				
	1. Partners take the lead on division of labour.	2. In-country division of labour.	3. Monitor division of labour.	4. Cross-country division of labour
PARTNERS	Partners set out policies and frameworks for making better use of donors' overall contributions to a country by, for example, avoiding duplication and reducing the cost of doing business with multiple donors.	<ul style="list-style-type: none"> Partners and donors agree on good practice principles for improving division of labour at country level by, for example limiting the number of donors by sector/area/region. 	Donors and partners measure division of labour with a view to improving allocation of resources within countries (number of donors per country, region or sector) or across countries (to avoid 'aid orphans').	<ul style="list-style-type: none"> Donors and partners adopt international good practice principles on cross-country division of labour with a view to improving international allocation of aid by country.
DONORS	Donors support partner policies and frameworks for improving country-level division of labour with principles that ensure that arrangements for improved division of labour do not reduce aid volumes to a country.	<ul style="list-style-type: none"> Donors support division of labour principles by agreeing on practical arrangements for delegating cooperation. 		<ul style="list-style-type: none"> They identify a set of countries where they implement division of labour under partners' leadership.

G. INCENTIVES (Para. 21) ⁶				
	1. Top level statement	2. Review policies	3. Reform practices	4. Top level commitments
DONORS	Donors establish in donor organisations a clear, top level policy on implementing the Accra Agenda for Action and achieving the commitments and targets agreed in Paris.	Donors review their policies, rules and procedures to make sure they support rather than undermine progress in aid effectiveness. In doing so they draw from internationally agreed good practice.	<ul style="list-style-type: none"> Donors include implementing aid effectiveness principles and commitments into work objectives and assessment of donor staff performance. Donors decentralise to field level more responsibility for planning and implementing aid programmes. 	Donors agree to monitor, at a senior level, the incentive structures to advance aid effectiveness, including through peer learning/review mechanisms.

H. COUNTRIES IN FRAGILE SITUATIONS (Para. 14) ⁷				
	1. Monitor implementation	2. Joint assessments	3. International goals	4. Pooled funding
PARTNERS AND DONORS	Donors and partners monitor implementation of the Principles of Good International Engagement in Fragile States and Situations and share the results.	Donors and partners jointly conduct and share at country level conflict and fragility assessments and integrate these into programming design.	<ul style="list-style-type: none"> Donors and partners develop at the international level, a set of agreed goals on state- and peace building that brings together different policy communities including human rights. At country level they define a single set of limited prioritised state- and peace building objectives that would guide all donor strategies. 	Donors establish arrangements across their government and/or with other donor governments for and pooled and complementary funding — including technical co-operation and stabilisation funds— in support of state and peace- building.

I. INTERNATIONAL AID ARCHITECTURE (Paras. 3, 17)⁸				
PARTNERS & DONORS JOINTLY				
1. Collective commitments	2. Enlarging the tent	3. Common platform	4. Avoid fragmentation	
<ul style="list-style-type: none"> ■ Partner countries and donor community collectively commit to reflect Paris principles in programmes addressing climate change and higher food prices, tailoring their applications to specific country circumstances. ■ Collectively recognise important contributions made by non-traditional providers of development assistance to South-South Cooperation and triangular cooperation. ■ DAC donors are proactive in including global funds and non-traditional donors in harmonisation actions. 	<ul style="list-style-type: none"> ■ Partner countries and donors at country level promote policy dialogue on development cooperation inclusive of non-traditional donors and Global Funds. ■ Global funds support and rely on country and sector strategies, pre-existing coordinating mechanisms, and joint results monitoring frameworks along with other partners. 	<ul style="list-style-type: none"> ■ Partner countries exercise leadership in aid management by providing a common platform on which all providers of development assistance--traditional, non traditional donors can work together effectively. ■ Funders and stakeholders in global programs explore fully feasibility of financing through existing institutions before providing earmarked global financing. 	<p>Funders and stakeholders in global initiatives ensure that new associated funding mechanisms, for example linked to climate change, do not result in fragmentation of aid at the country level.</p>	

III. MANAGING FOR RESULTS

Managing resources and improving decision-making for results

J. MANAGING FOR RESULTS (Para. 22)⁹				
PARTNERS				
1. Culture of managing for results	2. Strengthen systems	3. Evidence-based policy making	4. Public accountability	
<ul style="list-style-type: none"> ■ Partners and donors develop within their respective organisations a stronger culture of managing for results to demonstrate to parliaments and citizens the impact of aid on development outcomes. ■ They introduce performance based, results oriented incentives and transparent, open information sharing in their respective ministries and agencies. 	<p>Partners undertake to strengthen country systems including their statistical systems with a view to providing programme or policy relevant information including, for example, data broken down by gender or socio-economic status.</p>	<p>Donors and partners base their development policies on evidence.</p>	<p>Partners strengthen institutional checks and balances and accountability mechanisms including supreme audit institutions.</p>	
DONORS				
	<p>Donors pledge to support capacity development and implementation of national statistical plans and strengthen M&E systems and make more use of country reporting and joint evaluations in their results reporting.</p>		<p>Partners and Donors encourage and use feedback from beneficiaries, local administrations and local civil society in monitoring development performance.</p>	

IV. MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

K. TRANSPARENCY & ACCOUNTABILITY (Para. 9)¹⁰				
	1. Improve transparency	2. Strengthen budgets	3. Review systems and procedures.	4. Integrate aid in country systems
PARTNERS	Partners improve transparency on development programmes and resources (domestic and external) by: <ul style="list-style-type: none"> — Enhancing parliamentary reviews of budgets and development programmes. — Promoting better public understanding and engage with CSOs. 	Partners strengthen their budget processes and accounting systems so that they can accurately and comprehensively record and audit all public sector funds— domestic and external.	Partners review their procedures with a view to strengthening public financial management and improving management of aid flows.	Partners channel external aid flows for the public sector through normal government systems for managing public funds (e.g. government treasury).
DONORS	Donors provide partners with full information on ALL their aid flows. This should be done regularly and in a timely manner. This enables partners to integrate aid into macroeconomic and budgetary management and to publish details of aid received.	Donors disclose regularly and in a timely manner information on their funds destined for the public sector so that partners can record them in their budgets and accounting systems and audit them.	Donors review their processes and modalities so that aid flows for the public sector can be channelled through regular government systems and procedures.	Donors adopt modalities for releasing funds so that aid flows for the public sector are channelled through regular government systems and procedures.

L. MUTUAL ACCOUNTABILITY (Paras. 23, 24, 25)¹¹			
	1. Country accountability	2. International monitoring mechanism	3. International accountability
PARTNERS & DONORS	Partner and donors implement at country level, strengthened mutual accountability mechanisms, drawing on emerging best practice. They open these processes to include parliaments, civil society, and other stakeholders and use of independent analyses of aid relationships.	Partners and donors strengthen existing international monitoring mechanisms to build a collaborative, complementary, and credible system of mutual accountability.	Donors and partners are open to independent reviews of their individual behaviour both at the country and international level.

M. ROLE OF CIVIL SOCIETY ORGANISATIONS (Para. 16)¹²			
1. Recognition	2. Improving understanding	3. Forward agenda	4. CSO principles
Partners and donors recognise the importance and diversity of civil society and of CSOs as political and development actors in their own right, with distinct and legitimate contributions to make to development and aid effectiveness.	Development community deepens understanding of the Paris Declaration principles in ways that emphasise local and democratic ownership, social diversity, gender equality, and accountability for achieving results of benefits to poor and marginalised populations as essential conditions for effectiveness.	Define the conditions for CSO effectiveness as development actors including: a) improving the enabling environment for civil society, b) implementation of comprehensive funding models, and c) efforts by CSOs themselves to establish standards of effectiveness and accountability for results.	Include independent CSO processes to determine aid effectiveness principles, guidelines and best practices.

¹ See footnote 1.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.