

# A Little Less Talk: Six Steps to Get Some Action from the Accra Agenda

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CGD Notes

In September 2008 official aid donors and recipients will meet in Accra, Ghana, to discuss how to make development assistance more effective.

The High Level Forum follows up on the 2005 Paris Declaration on Aid Effectiveness, in which donors and recipients agreed on five major principles to make aid work better: recipient country *ownership* of programs and reforms funded by aid, *alignment* of donor programs to recipient country priorities, *harmonization* and coordination between donors, *managing for results*, and *mutual accountability* of both donors and recipients for achieving those results.<sup>1</sup> Concrete progress on these good principles, however, has remained frustratingly slow.

While the Paris Declaration includes a set of targets for donor and recipient countries to meet by 2010, these range from useful (“all donors use partner countries’ procurement systems”) to procedural and open to interpretation (“50% of technical co-operation flows are implemented through co-ordinated programs consistent with national development strategies”) to completely vague (“continued progress over time” on reducing tied aid).

And progress on meeting the targets has been limited.<sup>2</sup> Donor agencies face only limited international and public pressure to meet these technocratic targets, and there is a collective inertia around making politically challenging reforms.

1 OECD-DAC 2005. Declaration of the High Level Forum on Aid Effectiveness (Paris Declaration). [http://www.oecd.org/document/18/0,3343,en\\_2649\\_3236398\\_35401554\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_3236398_35401554_1_1_1_1,00.html).

2 OECD-DAC 2007. Aid Effectiveness: 2006 Survey on Monitoring the Paris Declaration: Overview of the Results. <http://www.oecd.org/dataoecd/58/28/39112140.pdf>.

If advocates of better aid as well as more aid really want a win at Accra, our advice is to forget haggling over broad conceptual issues and focus instead on getting a public commitment from donors to one or more very concrete steps like the six we propose below.<sup>3</sup>

Here are our proposed donor commitments, in order from issues that command general consensus in the aid effectiveness debate but as yet have not moved past political inertia, to more out-of-the-box ideas that have the potential to shake up the aid system for the better:

**1. Untie all aid**, including technical assistance, and publish information on which providers get contracts in practice. This is a political challenge, but it is possible: the United Kingdom has already untied all aid. Since tying is estimated to increase the cost of aid by 15–30 percent, this would boost the value of aid without spending one extra cent.<sup>4</sup> (Ownership, Alignment)

**2. Tell recipients what donors are spending** through a concrete set of standards for transparency.<sup>5</sup> These standards could for example include a requirement to report to each recipient within the quarter what the donor spent in the previous quarter. Even recipients

3 We focus here on donor actions, although obviously both partners are important to the success of aid, because there is already so much attention to what recipients could be doing better – the same reason that our Center was founded with the mission of improving policies of rich countries that affect development.

4 Jepma, Catrinus J. (1991), *The Tying of Aid*, OECD Development Centre, Paris.

5 For more information, see <http://www.aidinfo.org/> and <http://www.publishwhatyoufund.org/>.

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For a win at Accra, forget haggling over broad conceptual issues and focus instead on getting a public commitment from donors to concrete steps. Here are six suggestions.

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with very low government capacity routinely provide this type of information on their own budgets to donors; there is really no excuse for donors not to do the same. (Ownership, Alignment, Mutual Accountability)

**3. Make all evaluations public**, regardless of their results, by entering them into a prospective registry, committing themselves to publish methodology, data and results, or at least making transparent the fact that they have not done so. The results of all evaluations must be available to allow learning from both successes and failures.

The new international organization 3IE (International Initiative for Impact Evaluation) requires that all the evaluations it funds be entered into such a registry.<sup>6</sup> But this only includes a fraction of development assistance evaluations, most of which are carried out by agencies themselves. Donors must all be subject to the same scrutiny to avoid the challenge of reporting disappointing outcomes when their peers only report successes. (Managing for Results, Mutual Accountability)

**4. Pay for outcomes not inputs**,<sup>7</sup> by piloting a Cash on Delivery aid contract with interested recipients (or some permutation of that approach, which we have proposed here at the Center).<sup>8</sup> Under Cash on Delivery aid, recipients agree to publish data on development outcomes; donors agree to pay recipients for each unit of progress on those outcomes (e.g., \$100 per child finishing school or \$20 per child vaccinated) and give recipients complete flexibility in choosing how to spend the funds.

This has the potential to build country systems and institutions as well as significantly cutting the administrative costs of aid. (We are now completing

<sup>6</sup> Correspondence with Howard White, Executive Director, 3IE.

<sup>7</sup> Owen Barder and Nancy Birdsall. "Payments for Progress: A Hands-Off Approach to Foreign Aid." Center for Global Development, 2006. <http://www.cgdev.org/content/publications/detail/11550/>

<sup>8</sup> For more information, see Center for Global Development, "Cash on Delivery: Progress-Based Aid for Education." <http://www.cgdev.org/section/initiatives/active/pbaedu>

a detailed plan for donors and recipients to follow in implementing such an arrangement.<sup>9</sup> (Ownership, Alignment, Mutual Accountability, Managing for Results)

**5. Let recipients use technical assistance to buy what they need** by piloting with interested recipient(s) an arrangement giving recipients full flexibility in deciding what consulting and training to buy, and by financing a platform (modeled on Ebay) for recipients to give and see each other's feedback on the services offered by multiple providers.

An arrangement in which the recipient chooses the services it needs from a positive list of consultants and trainers, and the providers bill the donor directly up to a pre-agreed cap, would put the recipient back in the driver's seat and make providers more accountable for meeting the recipient's needs. The transparency of a platform on which recipients could give feedback on providers would allow recipients to make informed choices about technical assistance services. (Ownership, Alignment)

**6. Give recipients ironclad predictability** of the future aid flows to which they commit. A recipient could arrange with an intermediary (probably a private investment bank) to receive a guaranteed cash flow and sign over the donor's actual flows over some agreed period, say three years, to the intermediary. The guaranteed amount would obviously be reduced by the intermediary's assessment of the risk the donor funds will not flow in the amounts and on the schedule planned.

One estimate of the cost to aid recipients of historic unpredictability of committed aid flows is 1.5 percent;<sup>10</sup> that current estimated cost provides an indicator around which recipients might negotiate.

<sup>9</sup> Nancy Birdsall, William D. Savedoff, and Katherine Vyborny. Cash on Delivery: Paying for Progress with Foreign Aid: An Application to Primary Schooling. (working title) CGD, forthcoming 2008. Draft available on request to Ayah Mahgoub at [amahgoub@cgdev.org](mailto:amahgoub@cgdev.org).

<sup>10</sup> Homi Kharas 2008. "Measuring the Cost of Aid Volatility." Forthcoming, Brookings Institution.

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This arrangement would make transparent to all the real cost recipients are bearing for unpredictability and put pressure on donors to make aid more predictable in practice.

The approach would build on the International Finance Facility for Immunization (IFFIm),<sup>11</sup> under which donors are securitizing their commitments to vaccine programs to encourage private production and distribution.<sup>12</sup> The idea needs to be carefully explored; donors could at least agree to explore it! (Ownership, Alignment)

<sup>11</sup> <http://www.iffimmunisation.org/>

<sup>12</sup> See [http://www.iffimmunisation.org/Q1\\_about\\_iffim.html](http://www.iffimmunisation.org/Q1_about_iffim.html) for more information.

These actions are certainly not comprehensive, and success in the negotiations is still an uphill battle against the inertia of mediocre aid delivery. But they have several advantages: not only would each contribute to improving aid effectiveness in one or more of the general principles of the Paris Declaration, but they also have the advantage of being clear enough to easily hold donors accountable.

And for some of these actions, there are no good excuses for donors to refuse outright—hence the advantage of using this high-profile event to ask for them. Isn't that heightened attention to the issue the point of flying so many donor, recipient, and civil society representatives to Accra for the High Level Forum in the first place?