

It's Complicated: the Challenge of Implementing the Paris Declaration on Aid Effectiveness

Laurence Chandy, Brookings Institution
September 22, 2011

Earlier today, the Organization for Economic Cooperation and Development (OECD) published the [results](#) of this year's monitoring survey on the Paris Declaration on Aid Effectiveness. The results show whether the international development community has been successful in meeting the global targets agreed upon in 2005 to improve the quality of aid and its impact on development.

So what is the final verdict? Of the 13 targets agreed to at the Paris High Level Forum, only one was met. That's a grim outcome even by the standards of global development, where commitments are regularly professed but rarely fulfilled. It also makes for a gloomy backdrop to this November's High Level Forum on Aid Effectiveness in Busan, Korea. Over the next few weeks, be prepared for a good amount of haranguing and finger-pointing as development activists line up to accuse donor agencies of not trying hard enough and aid skeptics write off the High Level Forum process as an ineffectual talking shop.

However, before trying to determine exactly what went wrong in meeting the targets, it's important to recognize what Paris got right.

A good starting point is the five principles of aid effectiveness— ownership, alignment, harmonization, managing for results and mutual accountability— to which the global targets correspond. These principles are now established as a touchstone for effective recipient-donor relations in any setting. They provide a common agenda for both global and country level dialogue on aid effectiveness and have inspired attempts to localize global commitments through country-based action plans.

Another triumph was to organize the Paris Declaration around a set of time-bound global targets, requiring the establishment of a monitoring framework and an agreed set of performance indicators. Regardless of the performance against the targets, this approach has [proven its worth](#) in promoting greater accountability, knowledge and learning within the aid system. Furthermore, the evidence generated through the monitoring survey has injected an element of rigor to aid effectiveness discussions, which were historically rather vague. It has also made possible performance tracking, benchmarking and standard setting among donors and countries. Where the targets and indicators have been criticized for measuring the wrong thing or failing to account for particular circumstances, this has only added to the quality of the debate. Without this approach, we would never have known how far the development community has fallen short of its promises.

How then should we interpret today's dismal results?

In short, the Paris targets have proven to be much harder to achieve than was anticipated. There are two main reasons for this.

First, the Paris Declaration put forward a bureaucratic solution to a problem that is largely political. Certainly, most of the inefficiencies in today's aid system are manifested as bureaucratic failings (uncommon arrangements across aid agencies; red tape and the so-called [counter-bureaucracy](#); insufficient authority for donors' country-based staff versus those at headquarters) and a number of

useful bureaucratic innovations have been advanced to improve aid's impact (online data portals to report and track aid flows; standardized assessments of procurement and public finance systems). But many of the underlying causes of aid inefficiency concern politics and the incentives these create for determining aid allocations and modalities (using aid to support non-development objectives; extreme aversion to institutional risk versus the risk of development failure; short-termism) which donor agencies have been largely unable to resolve. Despite their good intentions, few aid agency heads had the domestic political cover, or the backing of their governing board in the case of multilateral agencies, to deliver on the Paris commitments.

Second, the way the Paris targets were conceived hinges on recipient governments assuming a leadership role in driving greater aid effectiveness at a country level, which many have been unable to do. Several recipient governments lack the capacity or the will to lead a regular dialogue with their donor partners that can guide government and donor behavior. This is the case for most of the 30 to 40 aid recipients that are [fragile states](#). Government officials can easily be overwhelmed by the degree of consultation expected by donors to negotiate country programs and to design and monitor individual projects. Meanwhile, state institutions often lack adequate systems and policies, which donors might otherwise be willing to support. In countries suffering from rampant corruption and where the integrity of the government's planning and budget processes are compromised by patronage and [prebends](#), the Paris targets seem particularly ill-defined. The notion of the donor community coalescing behind the government's agenda and lending support to its efforts through additional resources is impracticable in these settings.

These challenges were much less apparent in 2005 than they are today. Politics has always been a factor in aid, but there was a justifiable sense at the start of the new millennium that the aid system had matured from its Cold War origins and was becoming more professional and focused on poverty reduction. The experience of the past six years has served as a reminder that despite these trends, the influence of politics in the aid system remains impervious.

Similarly, fragile states featured much less prominently in aid discussions only a few years ago when the focus was on supporting well-governed poor countries. However, with fragile states accounting for a growing share of the world's poor and two-thirds of the remaining low-income countries—and no fragile state having yet achieved a single Millennium Development Goal—helping these troubled countries has moved to the center of the global development agenda.

Looking beyond the performance against the Paris targets, there is a broader recognition that the aid effectiveness principles are themselves complicated. In trying to implement the Paris Declaration, a deeper understanding has emerged of what it takes to truly embody the principles in recipient-donor relations:

- Ownership depends on **high quality leadership** from recipient countries, so that they are not only in charge of their own development trajectory but use this authority to make smart decisions and to drive a development-focused agenda. Effective leadership is required not only in government, but in the private sector and civil society.
- Alignment depends on donors' ability to better manage **risk**. Donors' strong aversion to fiduciary and reputation risk inhibits their support for recipients' institutions and systems. Better analysis, scenario planning, greater realism, altering donor staff incentives, delegating aid delivery to less risk averse aid agencies, and the use of special risk mitigation instruments can help to address this.
- Harmonization depends on greater levels of **trust** between aid agencies. The growing number and range of donors has likely served to reduce trust while making the need for cooperation

even greater. Multilateralism, pooled funds, delegated authority and multi-stakeholder alliances all depend on greater trust to succeed.

- Managing for results depends on uncovering more **evidence** of what works and delivering interventions at **scale**. Despite a growing focus on monitoring and evaluation and the tracking of performance indicators, the evidence base for what works in aid remains extremely thin. What is increasingly evident is that to achieve country-level results requires interventions that are commensurate in scope, which suggests that donors should pay more attention to [scaling up](#) successful interventions over time.
- Mutual accountability depends on increasing levels of **transparency** and promoting the role of **citizens** in aid relationships. Both recipient governments and donors should be made accountable for their aid commitments and development results to the intended beneficiaries of aid. Advances in information technology have dramatically reduced information costs, affording citizens an important role both as a watchdog and in the provision of feedback.

Where then does this leave the upcoming High Level Forum on Aid Effectiveness? The challenge at Busan is to learn from the experience, successes and failures of the past six years to forge a new and better agreement—one that can revitalize global efforts to improve the impact of aid and bring about lasting results. The following four lessons are key:

1. Both the five principles and the target-based approach used in the Paris Declaration should be retained as essential components of the global aid effectiveness agenda. While there may be pressure from some quarters to drop one or both of these elements, this would be a mistake and would undermine the agenda's greatest strengths. The failure to meet the Paris targets should not be used as an excuse for doing away with targets in the future.
2. The Busan forum should be explicitly framed as a political event rather than a technical meeting, demanding [high-level political representation](#) in order to negotiate a far-reaching and effectual agreement. The outcome document should begin with a political declaration that is free from technical jargon. The technical elements of the agreement should be relegated to one or more annexes so that they do not distract from the initial statement.
3. Participants should agree on a less rigid and narrow interpretation of how the Paris principles can be upheld by different donors in different settings. This should be reflected in the choice of new indicators and targets. Leaders of non-DAC donors, NGOs, corporations, middle income countries and fragile states, each of which will be present in Busan, can play an important role here.
4. Action plans should be developed around each of the core obstacles that prevent aid from being more effective and the Paris principles being embodied in recipient-donor relations. These include high-quality leadership, risk management, inter-agency trust, evidence, scaling up, transparency and the role of citizens.