

From Accra to 2011: Perspectives for the Global Governance of Aid

Nils-Sjard Schulz
Senior Researcher
Humanitarian Action and Development Programme
FRIDE

The III High Level Forum on Aid Effectiveness (HLF), held in Accra (Ghana) early this September, was conceived of as an opportunity to take stock of the implementation of the 2005 Paris Declaration on Aid Effectiveness (PD) half way towards its target date of 2011. Originally, the Forum was to focus on providing a technical assessment of the progress made and obstacles encountered thus far, based on the recent monitoring and evaluation reports of the Development Assistance Committee (OECD/DAC). However, due to ongoing profound changes in North-South relations and a complex consultation process with both partner countries and CSO, the Accra HLF became an excellent opportunity to continue renegotiating the **global governance of aid**, covering political issues affecting aid relationships.

The ultimate outcome of the HLF, the **Accra Agenda for Action (AAA)**, reflects the multi-layered negotiation process behind it, marked by changing power relations. The AAA was supposed to be an additional driving force for further and deeper implementation of the PD. Yet, in contrast to the 2005 agreement, the AAA does not set time deadlines for many of its commitments and will thus be **difficult to implement at the country and agency level**. Non-participants might find it challenging to understand its deeper implications and progress cannot be measured in the absence of new indicators.

Towards the global governance of aid

The re-defining of aid relationships along a more horizontal model started in the mid-nineties, and the Accra HLF became another landmark in this process of overcoming the inherent asymmetries of the aid regime. Hence, the **global governance of aid** means moving from the conditionality-backed “charity” of bilateral donor action towards a system of mutually agreed standards, preferably monitored and reinforced by independent multilateral bodies.

One of the main changes observed in Accra is the **stronger position of Southern countries**. Many partner countries have succeeded in complying with their core commitments to the PD (especially in terms of the reform of public financial management), while donors are still making uneven progress. On the one hand, large non-aid-related financial flows (including revenues from natural resources and remittances) are available for Southern countries, which have

experienced an unprecedented cycle of economic growth. On the other hand, a complex mix of new donors has emerged, altering conventional aid relationships. Southern leaders are now aware of and prepared for the need to overcome aid dependence, and in all regional contexts, committed and competent *champions* have come on the scene. This is evident in the relative success of the Contact Group¹ in coordinating the priorities of Southern partner countries. The following are the main points in the Southern agenda that have finally been included in the AAA, albeit with differing degrees of substantiation: medium-term predictability, national control over technical assistance, a significant reduction in conditionalities, increasing use of national systems, a ground-breaking approach to South-South cooperation based on the principle of non-interference in internal affairs, and reinforced mutual accountability.

Among donors, important sources of friction became evident during the HLF, with, on the one hand, members of the European Union committed to political dialogue and deeper obligations for donors and, on the other, the United States and Japan refusing any further concessions to the South. While the US aimed to exercise its influence over the World Bank, European donors succeeded in achieving most of their agenda in Accra, as established in a communication of the European Council in July 2008. Europe's role in Accra was highly appreciated by Southern countries and CSO, and even constitutes a new basis for a future common European development policy. One important aspect was the full integration of Nordic+ donors - who had negotiated separately on previous occasions - into the European negotiation group, thanks to the strong support of France (which currently holds the European Presidency) and Spain (which supported Nordic+ positions within its bid for a widened "Nordic++" cluster). This strategy led to a more ambitious European position rather than watering it down, as was reinforced in the final stages of the negotiations.

However, it is still **unclear if the donor community is prepared for the deep changes sketched out in the AAA**. One essential question concerns the choice of an adequate platform for governing the global aid regime. This field is currently dominated by a "grey area" of collaboration between the World Bank and the OECD/DAC, which is limiting the effective inclusion of new development actors and often serving to restrain the voices of partner countries. At this level, future deliberations need to address the nature and mandate of the Working Party on Aid Effectiveness at the OECD/DAC. Moreover, in years to come, broadening the multilateral dimension of the aid effectiveness agenda will be a top priority, especially for the partner countries. Meanwhile, the Development Cooperation Forum at ECOSOC is positioning itself in order to achieve an effective leadership in donor-partner relations. However, aside from concerns about the significant shortcomings of the United Nations system, there are doubts as to whether donors are willing to re-launch the aid effectiveness agenda at the UN level, as that would significantly reduce their negotiation power. The IV HLF in 2011 might serve as a starting point for a transition towards the UN, probably on the basis of a still unexplored division of tasks between the UN and WB+OECD/DAC. In that light, the proposal of Colombia - an aid-independent middle-income country with a strong emphasis on South-South cooperation - to host the next HLF could create an inspiring environment for the negotiations in 2011.

¹ Colombia, Egypt, Ghana, Nicaragua, South Africa, Sri Lanka and Vietnam.

The main implications for the aid effectiveness principles

At the technical level, the AAA lays out a complex framework for **concrete changes to the five aid effectiveness principles**. Surprisingly, the AAA does not follow the logical, principle-bound structure of the PD. However, it does reflect the learning process of the last three years and opens up several entry points for stronger and clearer commitments in 2011:

Ownership: National dialogues concerning development policies should become more inclusive of all stakeholders. Donors should commit to building up the capacity of all development actors to participate in this dialogue, including parliaments, local governments, civil society, media, research institutes and the private sector. Development policies should be coherent with overarching binding conventions regarding gender equality, human rights, disability and environmental sustainability. Greater transparency of conditionalities is to be ensured, and in general, conditionality is to be aligned to national development plans.

Alignment: Channelling aid flows through national systems is consistently made a priority, and donors have committed to justifying the use of parallel systems. Quality assessments will be conducted using mutually agreed diagnostic tools. The corresponding indicator has been reviewed and now includes a fixed percentage (50%). The AAA also creates the basis for improvements in medium-term predictability (3-5 years).

Harmonisation: The division of labour is now a central issue in order to ensure that donors complement one another. Emphasis is placed on the leadership of partner countries, which aims at avoiding donor-led coordination. A dialogue regarding the international division of labour and geographic donor concentration will start in June 2009.

Managing for results: Disaggregated data (by sex, region and socioeconomic status) will be generated by reinforced information systems and strengthened statistical capacities, while legal and administrative incentives will be revised. This will be achieved especially through the continued decentralisation of donor agencies.

Mutual accountability: Parliamentary oversight is to be further consolidated, particularly with regard to ensuring the transparency of public financial management and aid flows. The transparency of the latter is also backed by a recent International Aid Transparency Initiative. National mutual accountability mechanisms should be complemented by credible independent evidence. International mutual accountability will be enhanced by a more active participation of partner countries in the regular donor peer reviews of the DAC.

Other FRIDE resources on Accra:

'From Paris to Accra: Building the global governance of aid', FRIDE Backgrounder, August 2008

'Ownership with adjectives', FRIDE Working Paper, June 2008

Coverage of the official negotiations at the Accra HLF in FRIDE's blog Foro AOD (in Spanish only): <http://foroaod.org/tag/accra>

FRIDE's Comments provide a brief and concise analysis of current topics in international affairs in the fields of peace and security, democratisation, human rights, and humanitarian action and development. Further information about FRIDE, as well as its publications can be found at www.fride.org

The views expressed by the authors of the documents published on this website do not necessarily reflect the opinion of FRIDE.
If you have any comments on the articles or any other suggestions, please email us at comments@fride.org

Fundación para las Relaciones Internacionales y el Diálogo Exterior
C/ Goya, 5-7 pasaje 2ª - 28001 Madrid - Telf: 91 244 47 40 - Fax: 91 244 47 41 - E-mail : fride@fride.org
www.fride.org