



FAQ on Paris Declaration and Aid Effectiveness – October 2006

This note aims to provide a reference and update for AusAID staff in Canberra and at posts. It outlines the key features of the Paris Declaration on Aid Effectiveness and how it relates to Australia's aid program, including work underway across AusAID on strengthening aid effectiveness following the release of the White Paper.

1. What is the Paris Declaration?

In March 2005, representatives of developed and developing countries (including Australia) meeting at the High Level Forum on Aid Effectiveness in Paris “resolve[d] to take far-reaching and monitorable actions to reform the ways we deliver and manage aid”. The resulting Paris Declaration on Aid Effectiveness (PD) built on discussions and agreements at previous international meetings, particularly the 2003 High Level Forum on Harmonisation and the 2004 Marrakech Roundtable on Managing for Development Results. The full text of the Paris Declaration is available on the OECD/DAC website at <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

2. What are the key features of the Paris Declaration?

The Declaration recognises that many donors are scaling up the volume of aid, but that aid effectiveness also needs to increase in order to improve development performance. Accordingly, a series of actions were identified for implementation by partner countries and by donors as “partnership commitments”. There is also recognition that “commitments need to be interpreted in the light of the specific situation of each partner country”. The 56 partnership commitments are organised around the five key principles: ownership, alignment, harmonisation, managing for results, and mutual accountability. To measure progress on the agreed actions over time, twelve indicators were agreed and targets set for 2010, as summarised in the table below. (Full list of indicators and targets is at <http://www.oecd.org/dataoecd/57/60/36080258.pdf>)

Paris Declaration: Summary of Indicators of Progress

1. Partners have operational development strategies
2. Partners have reliable public financial management and procurement systems
3. Aid flows are aligned on national priorities
4. Capacity will be strengthened by coordinated support
5. Use of country public financial management and procurement systems
6. Parallel project implementation units to be avoided
7. Aid is more predictable
8. Aid is untied
9. Use of common arrangements or procedures
10. Joint donor missions and joint analytical work
11. Results-oriented frameworks
12. Mutual accountability

3. How is progress being monitored internationally?

Implementation is generally being monitored at the country level, with several related exercises underway.

- > The DAC has developed the 2006 Survey on Monitoring the Paris Declaration which will be used to establish a baseline against which to monitor progress on the 12 indicators agreed in Paris. The survey will combine responses by the partner government and the donor community in each country. Future surveys will be taken in 2008 and 2010. At August 2006, 36 countries have undertaken to complete this year's survey. (In the Asia-Pacific, this includes Cambodia, Vietnam, Bangladesh, Afghanistan and Sri Lanka.)
- > The World Bank has launched an Aid Effectiveness Review 2006, coordinated with the 2006 Survey on Monitoring the Paris Declaration. This will be based around individual country profiles.
- > The DAC will also undertake other evaluation work to examine aspects of PD implementation.

Further detail on these activities is available from the website for the DAC's Joint Venture on Monitoring the Paris Declaration at http://www.oecd.org/departement/0,2688,en_2649_15577209_1_1_1_1_1,00.html

4. How does the Paris Declaration relate to the White Paper on the Australian aid program?

The White Paper encompasses a comprehensive effectiveness agenda for the aid program and a greater performance orientation. Many of the measures in the White Paper are designed to further strengthen the effectiveness of Australian aid also feature strongly within the Paris Declaration, including:

- > closer partnerships with partner countries, through closer alignment of aid with national and sectoral strategies, and the delivery of aid using partner country's procurement and financial management systems where practicable
- > closer partnerships with other donors, including through joint analytical work, coordinated provision of assistance and delegated cooperation
- > more selective and effective use of technical assistance
- > full untying of aid.

Thus, implementation of the directions of the White Paper for the Australian aid program will also serve to demonstrate our commitment to the aid effectiveness agenda outlined in the PD. This will be important as donor programs come under international scrutiny through various forums, such as the country level monitoring activities outlined at 3 above, consultative groups, annual DAC High Level Meetings, the High Level Forum on Aid Effectiveness in Ghana in 2008, and the DAC Peer Review of Australia in 2008.

5. How is AusAID responding to the PD effectiveness agenda?

- > AusAID is incorporating several of the PD indicators into the new Performance Assessment Strategy for the aid program being developed by ODE. This will enable the agency to track progress on these indicators through corporate reporting systems.
- > AusAID has participated in the 2006 PD Monitoring Survey in Vietnam and Cambodia, where our partner countries have chosen to be actively engaged
- > Many country level initiatives are underway across AusAID programs, tailored to local circumstances, which are informed by and/or consistent with the PD commitments. Examples include delegated cooperation arrangements with New Zealand in the Pacific; development of sector programs in PNG; and

participation in national poverty reduction and sectoral programs in Vietnam.

6. Are all AusAID's partners actively engaged on the Paris Declaration?

- > Asia-Pacific partners who have signed up to the PD include Afghanistan, Bangladesh, Cambodia, China, Fiji, Indonesia, Laos, Nepal, Pakistan, PNG, Philippines, Solomon Is, Sri Lanka, Thailand, East Timor, Vanuatu and Vietnam. Many African and Latin American countries are also signatories. In practice however, some countries are engaging more actively than others. Vietnam is seen as a best-practice country, with strong government leadership and active collaboration with donors. At the other end of the scale, many of the smaller or more fragile states have not given high priority to adopting the rhetoric or practice of the PD.
- > In discussions in Paris in July 2006, the partner country grouping urged an emphasis on implementation, and expressed concern that they were becoming overloaded by PD processes, particularly when much of the initial rationale for the PD was reducing the transaction costs of aid. Hence, AusAID needs to be sensitive to partner country concerns and make sure that involvement in PD processes in-country adds real value.

7. Who in AusAID is tracking progress on the Paris Declaration?

ODE has overall policy oversight on the PD, given its leading role on effectiveness issues, and can provide advice/assistance as appropriate. AusAID Paris/OECD post liaises with the DAC and attends relevant meetings. Country program areas (desk and post) also have a role in country level engagement with partners on the PD.

If you have any queries on the above, please contact ODE (Sabina Curatolo).

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