

Monitoring Commitments and Actions

Executive Summary

African governments have made commitments to implement national development strategies ambitious enough to achieve the Millennium Development Goals (MDGs). These efforts are to be financed by both domestic resource mobilization and a scale up of international development assistance.

Throughout 2005, commitments were made by the United Nations system, G8, European Union, and others to deliver “more and better aid”, more substantial debt relief, and more coherent ‘joined-up’ policies in support of development that is consistent with achieving the MDGs. Commitments to improve the ‘quality’ of aid aimed to improve the effectiveness of development assistance. 2005 also saw real improvements in the monitoring architecture available to track these commitments.

To achieve the MDGs, the financing commitments must now become a reality, both in terms of the quantity and quality of aid. In terms of quantity, the trend over recent years has been encouraging. In terms of quality of aid, the Paris Declaration on aid effectiveness and the development of the African Partnership Forum, amongst other initiatives, were important steps in the right direction.

Effective monitoring of commitments is a vital factor in the achievement of the MDGs. Whilst there is certainly progress being made in this area, there are still important issues to be resolved at the country, regional, and international levels. This paper provides an analysis of these issues and articulates key points for discussion.

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1. Introduction

African governments have made commitments to develop national development strategies ambitious enough to achieve the Millennium Development Goals (MDGs). The implementation of these strategies will require a substantial scaling up of public investments across a range of sectors and via multiple mechanisms. Financial support for these plans is to be sourced from both enhanced domestic resource mobilization and assistance from the international development community. The commitments made in 2005 at the United Nations (UN) World Summit and the G8 meeting in Gleneagles, amongst others, established the financial foundations for employing these strategies to achieve the MDGs.¹

Building on the encouraging progress of 2005, this paper sets out to take stock of recent development financing commitments (section 2), the steps taken toward implementing these commitments (section 3). This stocktaking task is followed by a reflection on options for improving monitoring of these commitments, with a view to making implementation more effective (section 4). Conclusions are presented in section 5.

¹ DFID (2005) Gleneagles Implementation Plan

2. Financing for Development Commitments Made in 2005

The Monterrey Consensus raised concerns about scaling up aid that remain persistent. Together with these concerns has been an increasing call to improve the effectiveness of aid. Commitments were made in 2005 by the UN, G8, EU, and others to deliver more and better aid, more substantial debt relief, and more coherent development policies that are consistent with achieving the MDGs.

2.1 Financing Development Commitments: Quantity of Aid

Many international stakeholders and observers hailed 2005 as “the year of development”.² A series of high-profile events accelerated many development processes. The G8 Summit in Gleneagles addressed the recommendations of the Commission for Africa Report (2005), and came out with financing commitments, by leaders of the rich world, to increase aid to developing countries. The need to improve the effectiveness of aid by improving aid delivery, management approaches and practices, was also highlighted. The G8 Summit in Gleneagles made commitments to increase the level of ODA to developing countries by around US\$50 billion a year by 2010 as compared to 2004 levels. About US\$25 billion of the commitments will be allocated to Africa. Overall, if these commitments are met, aid to Africa will double to US\$50 billion per year by 2010.³

Commitment has been made to cancel debt immediately starting with the debts of eighteen of the world’s poorest countries, most of which are in Africa. The G8 have also agreed to provide 100 percent debt relief to the poorest countries in the world. This is worth US\$40 billion and could reach US\$50 billion as more countries qualify. The World Bank International Development Association (IDA)

² For example, World Bank (2006) “Global Monitoring Report 2006”, P.73

³ We have framed the discussion around aid in terms of ‘quantity’ and ‘quality’. A fuller analysis is given by the DFID G8 tracking web site: <http://www.dfid.gov.uk/g8/milestones.asp>. Updated monthly, it monitors progress towards achieving the goals set at the G8 conference in Gleneagles. A useful gathering of international commitments is also available as the first draft (15 September 2005) of the African Partnership Forum’s Joint Action Plan (available at <http://www.dfid.gov.uk/pubs/files/apf/apf-action-plan-donors.xls>).

deputies have agreed to financing that exceeds the threshold they initially set for funding debt relief. The deal reflects firmer commitments for most countries.

Finally, a commitment has been made to end all agricultural export subsidies by 2013, as agreed in the WTO's Ministerial in 2006, and to end cotton subsidies by the end of 2006.

The extent of these commitments gives Africa a real opportunity to meet the MDGs, provided donors meet their promises and make a concerted effort to improve the quality of their assistance.

2.2 Financing Development Commitments: Quality of Aid

The G8 meeting at Gleneagles ended with a pledge to support sound development strategies with better, and not just more aid. Implementation of this pledge would centre on the Paris Declaration on Aid Effectiveness. The Paris Declaration reaffirmed the commitments made at Monterrey (2002) to scale up aid commitments made in Rome (2003) on improving the quality of aid. High-level commitment to specific targets encouraged donors and partner countries to make aid effectiveness a high priority.⁴ In this context, the commitments were made in accordance with five principles: ownership and leadership, alignment, harmonization, managing for results, and mutual accountability. Partners agreed to reaffirm the commitments to accelerate progress in implementation.

Ownership and leadership

Recipient countries agreed to work towards seizing ownership of their development agenda to exercise effective leadership over their development strategies and co-ordinate development actions. In particular, recipient countries committed to exercise leadership in developing and implementing their national

⁴ The Indicators from the Paris Declaration on Aid Effectiveness are given as Annex A.

development strategies through broad consultative processes, and to translate these goal oriented strategies into prioritized results-based and time bound outcomes within the context of medium-term expenditure frameworks and annual budgets.

Alignment

Donors are to base their support on partner country development strategies, institutions, and procedures. Conditionality is to be based on commitments made in the respective partner country national development strategies. This implies strengthened public financial management and procurement systems in the partner countries.

Harmonization

Donors' actions are to be harmonized, made more transparent, and collectively more effective. Commitment has been made to implement donor action plans that would have been developed as part of the follow-up to the Rome High-Level Forum and to implement common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating, and reporting to government on donor activities and aid flows. It has been acknowledged that increased use of programme-based aid modalities can contribute to this effort. This would involve a change of behaviour, policies and practices and the adoption of a pragmatic approach to the division of roles and burden-sharing of responsibilities.

Managing for Results

Commitment has been made to managing resources and implementing aid in ways that make better use of information to improve decision making, coordination and deliver better results.

Mutual Accountability

Donors and partners have recognized the importance of mutual accountability for development results, contingent on continued high-level political support, peer pressure, and coordinated actions at the global, regional, and country levels. Agreement has been reached to adopt the practice of making joint assessments of mutual progress in implementing agreed commitments. At present, accountability requirements are often harder on developing countries than donors, yet aid is more effective when partner countries exercise strong and effective leadership over their development policies and strategies.

The Paris Declaration has created space for stronger mechanisms that foster accountability and promote a model of partnership that can improve transparency and accountability on the use of development resources. It recognizes that for aid to become truly effective, stronger, and more balanced, accountability mechanisms are required at different levels. At the country level, the Paris Declaration encourages donors and partners to jointly assess mutual progress in implementing agreed commitments on aid effectiveness by making best use of local mechanisms. At the international level, the Paris Declaration constitutes a mechanism by which donors and recipients of aid can be held mutually accountable to each other and ensure that compliance in meeting the commitments will be publicly monitored. However, there is no comprehensive agreement yet on who will monitor the commitments made, and what actions will be taken for those failing to meet the pledges.

2.3 Financing Development Commitments: Monitoring of Aid

Commitments in 2005 went beyond the quantity and quality of aid, to the monitoring of aid. The Paris Declaration on Aid Effectiveness commits to “provide timely, transparent and comprehensive information on aid flows” and “periodically assess, qualitatively as well as quantitatively, our mutual progress at country

level in implementing agreed commitments on aid effectiveness.” ‘Specific Indicators of Progress’ on the part of the recipient include:

- Operational development strategies in 75 percent of countries by 2010.
- Improvements in procurement and public financial management systems.

And on the part of the donors:

- By 2010, at least 90 percent of donors should use partner systems for:
 - procurement; and,
 - financial management.
- Reduce by one-third (preferably two-thirds) the percentage of aid to the public sector not using partner systems for:
 - procurement; and,
 - financial management.
- By 2010, halve the proportion of aid flows not reported on government budget.
- Halve the proportion of aid not disbursed within the target fiscal year.
- Provide 66 percent of aid flows in the context of programme-based approaches.

At Gleneagles 2005, the G8 committed to (quotes from Communiqué):

- “implement and be monitored on all commitments we made in the Paris Declaration on aid effectiveness, including enhancing efforts to untie aid; disbursing aid in a timely and predictable fashion, through partner country systems where possible; increasing harmonisation and donor co-ordination, including through more programme-based approaches.”
- “encourage the APF to develop a process for monitoring, reporting and reviewing progress against milestones and benchmarks and to enable corrective action to be taken.”

Thus, commitments have been made to specific, measurable targets with regard to the monitoring of development commitments. These have been reaffirmed at the highest level.

Another important series of commitments to the developing world were laid out in the Cotonou Agreement in 2000. As a treaty, it sets out the relationship between the EU and the African, Caribbean, and Pacific (ACP) governments of the signatories on issues of foreign aid, trade, investment, human rights and governance. It is distinct in its monitoring framework from the Paris Declaration in that it is 'self-monitoring'. A 'Committee of Ambassadors' of stakeholder states "shall monitor implementation of [the Cotonou] Agreement and progress towards achieving the objectives set therein".⁵

⁵ Quote is from the Cotonou Agreement, Article 16, Subsection 2.

3. Review of Progress in Implementing Development Financing Commitments

The financing commitments that have been made will only realize real change if concrete action is taken to meet the commitments. This section reviews the progress that has been made towards meeting the commitments both in terms of quantity and quality of aid.

3.1 Progress in Commitments on the Quantity of Aid

The table in Annex A provides preliminary data on donor commitments made in 2004 and 2005. More complete data on commitments will be released by the OECD and DAC in December 2006.⁶ In 2005, official development assistance to developing countries from member countries of the OECD increased by a record 31.4 percent, in real terms, to US\$ 106.5 billion. It represents 0.33 percent of the Committee members' combined Gross National Income in 2005, up from 0.26 percent in 2004. Thus, the direction and pace of change is promising. In 2005/6, the UK fulfilled the commitment to provide GBP1 billion (US\$1.9 billion) to Africa and committed to provide GBP1.25 billion (US\$2.35 billion) to Africa in 2007/8.

⁶ OECD (December 2005)

Table 1: Net Official Development Assistance in 2005. Preliminary Data (OECD)

COUNTRY	ODA 2004		ODA 2005			% CHANGE 2004 TO 2005 (1)
	US\$ MILL. CURRENT	ODA/ GNI %	US\$ MILL. CURRENT	ODA/ GNI %	US\$ MILL. CURRENT & E. RATE (1)	
Australia	1460	0.25	1666	0.25	1544	5.7
Austria	678	0.23	1552	0.52	1519	124.1
Belgium	1463	0.41	1975	0.53	1936	32.1
Canada	2599	0.27	3731	0.34	1387	30.3
Denmark	2037	0.85	2107	0.81	2074	1.8
Finland	680	0.37	897	0.47	878	29.2
France	8473	0.41	10059	0.47	9925	17.1
Germany	7534	0.28	9915	0.35	9847	30.7
Greece	45	0.23	535	0.24	518	11.4
Ireland	607	0.39	692	0.41	676	11.4
Italy	2462	0.15	5053	0.29	4921	99.9
Japan	8922	0.19	13101	0.28	13486	51.2
Luxembourg	236	0.83	264	0.87	255	8.4
Netherlands	4204	0.73	5131	0.82	5052	20.2
New Zealand	212	0.23	274	0.27	252	18.7
Norway	2199	0.87	2775	0.93	2485	13
Portugal	311	0.63	367	0.21	361	-65
Spain	2437	0.24	3123	0.29	3012	23.6
Sweden	2722	0.78	3280	0.92	3295	21
Switzerland	1545	0.41	1771	0.44	1761	14
UK	7883	0.36	10754	0.48	10627	34.8
US	19705	0.17	27437	0.22	26726	35.6
TOTAL DAC	79553	0.26	106477	0.33	104537	31.4
AVERAGE COUNTRY EFFORT				0.47		
Memo item Included above						
EC	8704		9629		9458	8.7
DAC EU COMB.	42910	0.35	55704	0.44	54896	27.9
G7 COUNTRIES	57578	0.22	80068	0.29	78920	37.1
NON-G7 COUNTRIES	21976	0.45	26409	0.5	25617	16.6
NON DAC COUNTRIES						
Czech Republic	108	0.11	131	0.11	122	12.6
Korea	423	0.06	744	0.09	665	57.1
Poland	118	0.05	283	0.09	236	101.12
Slovak Republic	28	0.07	56	0.12	53	87.7

Source (2): OECD 30 March 2006.

NOTES to table 1:

- (1) Taking account of both inflation and exchange rate movements
- (2) The data for 2005 are preliminary pending detailed final data to be published in December 2006. The data are standardized on calendar year basis for all donors, so may differ from fiscal year data available in countries' budget accounts. See www.oecd.org/dac for more details and for updated data.

IDA 14 has increased resources available for the eighty-one poorest countries by 25 percent to US\$33 billion during the next three years. Of this amount, US\$18 billion represents new contributions from forty donors. The African Development Bank's tenth replenishment of the Africa Development Fund (the concessionary arm) has been enhanced by 40 percent over the previous replenishment.

Innovative financing mechanisms have been designed and put in place that can help delivery and bring forward the date for meeting the financing needs necessary to achieve the MDGs. In this context, proposals have been made to establish the International Finance Facility (IFF), a mechanism which utilizes capital market resources to provide an immediate and significant increase in development assistance. With the establishment of IFF, it is hoped that donor countries can be prompted to reach the equivalent of 0.7 percent ODA/GNI faster. Some countries have agreed to launch the IFF and move ahead quickly with the International Finance Facility for Immunization (IFFIm). Therefore, the IFF will make it possible to deliver additional resources more quickly.

These additional resources will allow the international community to tackle development issues (such as HIV/AIDS and other health issues) before they become even more costly in terms of lives and financial resources. It is the case that repayments will need to be made to bondholders from future aid flows, but even allowing for this, overall aid flows will continue to increase in future years due to expected increases in aid budgets and the number of new donors (for instance, China is expected to become a donor in future years). It is also

important to consider that the additional resources that an IFF would generate would immediately tackle problems in developing countries, which should result in a reduction in the future needs in such countries.

The IMF established the 'Exogenous Shocks Facility' in October 2005 to which the UK has been the first contributor to this facility, contributing GBP50 million (US\$94 million) over five years. Seven countries pledged, in September 2005, to contribute to the new UN emergency fund to help faster delivery of emergency aid. In October 2005 a new Infrastructure Consortium for Africa was established to broker funding to five African priority projects by June 2006. The World Bank launched a new 'Strategic Action for Africa' in September 2005. As part of this initiative a 'Catalytic Fund for Africa' was established for African countries that can show that they are capable of using the funds effectively to achieve the MDGs. Some donors have started to contribute to this fund. For instance, the UK has contributed GBP200 million (US\$376 million).

Further financing facilities are being discussed. Proposals to levy an airline ticket tax have been put forward for discussion. The International Drug Purchase Facility has also been brought up for discussion.

Aid in the form of debt relief grants increased more than 400 percent between 2004 and 2005, while other aid increased by 8.7 percent in the same period.⁷ This in part reflects the substantial debt relief deals agreed by Paris Club creditors for Iraq and Nigeria. In 2005, the Development Assistance Committee (DAC) members provided debt forgiveness grants of nearly US\$14 billion to Iraq.

The World Bank's Board of Executive Directors approved financing and implementation details for the World Bank's contribution toward the Multilateral Debt Relief Initiative (MDRI), which will cancel the IDA debt of some of the

⁷ Table 2 shows the donor fund up to the end of year 2005.

world's poorest countries starting on 1 July 2006, at the start of the Bank's new fiscal year. IDA is expected to provide more than US\$37 billion in debt relief over 40 years. This is an historic agreement combining increased financing with debt relief, which will help poor countries meet the MDGs.

There has also been agreement on a proposal to cancel over US\$50 billion worth of debt stock owed by Heavily Indebted Poor Countries (HIPCs) to the World Bank, AfDB and the IMF. Twenty-one countries have already benefited from 100 percent IMF debt stock cancellation (nineteen HIPCs, fifteen of which are African). The government of Nigeria has also successfully concluded a deal to resolve all Paris Club obligations. This deal included a write off of US\$18 billion of debt obligations. IDA and AfDB deputies have agreed that resources pledged to compensate for the costs of debt stock cancellation will be in addition to their pledges for regular replenishments. The costs of debt stock cancellation will be clearly distinguished in future replenishment discussions and donors have agreed to use the current replenishment totals as a baseline for future contributions. Table 2 indicates the status of various countries and the stages they have reached towards completing the HIPC initiative. The criteria used to make the assessment are also indicated. This is an encouraging start in the implementation of the commitments made in Gleneagles and Paris in 2005.

Table 2: Enhanced Heavily Indebted Poor Countries Initiative: List of Participating and Potentially Eligible Countries

Completion Point 19 countries Eligible for MDR1	Decision Point 10 countries	Pre- Decision countries 11 countries
Benin	Burundi	Central African Republic
Bolivia	Chad	Comoros
Burkina Faso	Democratic Republic of Congo	Cote d'Ivoire
Cameroon	Republic of Congo	Eritrea
Ethiopia	Gambia	Haiti
Ghana	Guinea	Kyrgyz Republic
Guyana	Guinea – Bissau	Liberia
Honduras	Malawi	Nepal
Madagascar	São Tomé and Príncipe	Somalia
Mali	Sierra Leone	Sudan
Mauritania		Togo
Mozambique		
Nicaragua		
Niger		
Rwanda		
Senegal		
Tanzania		
Uganda		
Zambia		

Source: www.worldbank.org/hipc

Whilst this progress is promising, there are a number of important caveats to be made. The G8 summit agreed that it was acceptable to count debt relief efforts as ODA. Whilst debt relief will continue to be an important component of development assistance, it is important that it is given in the spirit of the Monterrey Consensus which stated that it was “critical” that debt relief efforts “be fully financed through additional resources”.⁸

Another concern over the scaling up of aid has been the issue of predictability. Donors' commitments have traditionally been quite short-term and delivery has been erratic. Aid flows have as a result been volatile and difficult for governments to manage. It has also been difficult for governments to contemplate long-term expansion of service delivery (health and education) under these conditions. This

⁸ From an African Governments standpoint, debt relief can be seen as preferable to aid since its fiscal and BOP impact is predictable and flexible.

issue deserves further consideration as part of the options for improved monitoring. This was a leading theme in the UK paper "From Commitment to Action" written in September 2005.

3.2 Progress in Commitments on Quality of Aid

The relationship between Africa and its development partners is undergoing a radical change. At the centre of this new relationship is the establishment by Africans of the AU and NEPAD. The institutional capacity developments and strategic alliances forming among key African institutions have grown at an encouraging pace recently. With these new institutions, and with the capacities available in the UN Economic Commission for Africa, the African Development Bank, and the emerging active role of the AU and sub-regional bodies, Africans themselves are taking charge of defining, analyzing and meeting the major challenges facing the continent. These challenges range from governance, peace and security, economic and social modernization, to defeating pandemic diseases, and the role that women play in all these contexts. The level of engagement and the quality of policy discussion among Africans has evolved over the last few years in all these areas. African countries are now more committed to good economic governance through improved macroeconomic stability, public finance management, accountability, resource mobilization and financial and monetary institutions. The home of intellectual work on African problems is in the process of shifting from international institutions and research institutes to African ones. These all represent strong signs of genuine African ownership of its political and economic development.

Africa has made encouraging progress in the area of governance. The 2005 *African Governance Report* identifies ten priority areas for action in building capable and accountable states. These include: strengthening the capacity of Parliaments to perform their core functions; deepening legal and judicial reforms;

improving public sector management; improving the delivery of public services; removing bottlenecks to private enterprise; tapping the potential of information and communication technologies; fostering credible and responsible media; maximizing the contribution of traditional modes of governance; confronting the governance dimension of HIV/AIDS; and getting partners to live up to their commitments. In this regard, the African Peer Review Mechanism (APRM) introduces analysis and review of African performance by Africans, a process that has demonstrated that Africans can take responsibility for monitoring their own behaviour on their own terms and at their own initiative.

In this regard, the NEPAD agreement to launch a biennial *Mutual Review of Development Effectiveness*, and the endorsement of this process by the OECD, is a critical step towards embedding interaction. In this context, the *Mutual Review* has been established as a consultation mechanism between Africa and OECD countries, designed to assess and monitor progress in delivering on commitments and achieving goals. It involves a series of discussions at the expert and political levels in various international fora based on the “Executive Package”. This package covers a review of commitments that have been undertaken and the main messages emanating from the analysis of recent developments. It also identifies the action frontiers where greater efforts are required and addresses performance benchmarks, which will be monitored in the next Mutual Review process. Cases where progress has been made, such as the decision by the UK to reform its approach to conditionality whereby aid is no longer conditional on specific policy decisions by partner governments should provide useful lessons for the process.

The work that is being planned for the ‘Strategic Partnership with Africa’ meetings (SPA-7) has the potential to improve the partner relationships that are

so essential to increasing aid effectiveness.⁹ The structure agreed upon proposes three working groups: one for budget support, one for sector support, and one for capacity development. The working groups will have co-chairs representing both the donor partners and the African governments who are SPA members. The focus will be the implementation of the Paris declaration.

3.3 Progress in Commitments on Monitoring of Aid

The Paris Declaration on aid effectiveness developed twelve indicators to monitor progress in achieving results (attached as Annex B). The indicators of aid effectiveness were developed as a way of tracking and encouraging progress towards the broader set of partnership commitments. Targets for the year 2010 have been set for eleven of the indicators and are designed to encourage progress at the global level among the countries and organizations adhering to the Paris Declaration.

The mechanisms that have been set up in the context of the African Partnership Forum (APF) for monitoring and advancing the implementation of commitments, and the Paris Declaration are encouraging steps in the right direction.

The Africa Action Plan (AAP) is the basis on which G8 commitments to Africa and to NEPAD have been monitored since 2002, when the AAP was agreed at the G8 Summit in Kananaskis, Canada. At the 2003 G8 Summit in Evian, the G8/Africa political relationship was further developed by establishing the APF. The APF meets twice yearly, and consists of representatives from the G8, African countries, international institutions, and DAC members. In London, in October 2005, a reviewed and strengthened terms of reference for the APF was

⁹ The Strategic Partnership with Africa meetings are “fora for enhancing donor support for poverty reduction in Sub-Saharan Africa and for turning donor policy commitments into reality at the country level” (DFID, 2006). They occur in ‘rounds’, with the last being 2003-5 (SPA-6) and the last (SPA-7) being launched in Accra, Ghana, in January 2006. See www.spa-psa.org for more information.

agreed and a draft 'Joint Action Plan' published.¹⁰ Such efforts have laid the foundation for a balanced platform for the monitoring of both donor and recipient commitments. At the last meeting of the APF in Maputo, Mozambique on 4-5 May 2006, a coherent structure for monitoring progress against existing commitments, from policy down to the implementation level was agreed, based on joint initiatives. The first report will be available in October. Unfortunately, a final version of the Joint Action Plan (which would lay out the milestones and timeline of actions to monitor) was not fully agreed.

Another positive development in monitoring commitments is the launching of the DAC Monitoring Survey on 2 May 2006. The survey, led by the DAC Working Partnership on Aid Effectiveness, has great potential to establish an initial and comprehensive baseline against which progress can be monitored. This will be an important step to help governments and donors jointly identify how to operationalize the Paris Declaration commitments at country level. The DAC plans to issue its final report in November/December 2006. Countries who signed up to the Paris Declaration will not automatically be included; they have to nominate themselves to take part and so far very few have done so. Twelve countries have confirmed their participation in the survey to date. The benefits of this survey include: encouraging a broad based dialogue at country level on how to make aid more effective; providing an accurate description of aid flows at country level; and empowering partner governments to put uniform pressure on other donors in a way which is backed up by the Paris Declaration commitments and agreements on indicators and targets.

Other efforts include the Economic Commission for Africa/DAC Mutual Review of Development Effectiveness aimed at developing a process to track the implementation of existing mutual commitments by African governments and

¹⁰ For relevant documents of the London meeting, see www.dfid.gov.uk/News/files/africa-partnership-forum.asp.

their OECD partners. The only report to date published in May 2005 “provides a reference guide for tracking action agendas and expected progress within the two-year Mutual Review time-frame”.¹¹ The World Bank’s ‘Global Monitoring Reports’ on progress towards the MDGs describe international development commitments and progress in achieving them. And the UN Secretary General’s ‘In Larger Freedom’ contains calls for the restructuring and substantial strengthening of the UN’s Economic and Social Council (ECOSOC) as the natural forum where all aid issues and relationships should be discussed.

¹¹ See reference in footnote 14.

4. Options to Improve the Monitoring of Commitments

This section addresses the options for enhancing progress on monitoring commitments. In thinking about options for improving monitoring of commitments consideration should be given to three main issues.

First, past experience with donors and their record of honouring commitments should be taken into account in order to minimize the chances of falling behind commitments this time round. It is important for both sides to take a realistic view of likely flows and make arrangements and plans to monitor the commitments made. There is need to adopt an appropriate results-based approach, in which there is an agreement to monitor specific outcomes or targets that are attained. Donors are generally shifting towards a results-based approach, but this shift has been limited by the difficulties in finding appropriate and monitorable outcome indicators and collecting relevant data on them in a timely manner. In practice, most Performance Appraisal Frameworks (PAFs) seek to measure progress in both policies (i.e. inputs) and results. Caution should be taken when monitoring commitments to make sure that there is no double counting with one form of aid substituting for another.

Second, all stakeholders should be given encouragement to participate more effectively in the monitoring processes. It may take time to raise sufficient awareness in order that the populations in the respective countries put pressure on their governments to meet the agreed commitments, but it is important that a concerted effort is made in this direction. Monitoring mechanisms to be proposed should include options for mobilizing the support of the key stakeholders (including civil society and the private sector) to contribute towards monitoring the implementation of commitments made. A periodic dissemination of monitoring reports would further improve the sense of mutual accountability between donors and recipients.

Third, monitoring should be designed and implemented at the country, regional, sub-regional and global level. Monitoring at all these levels should be designed to complement and reinforce each other. Monitoring mechanisms should also be consistent with a new framework of mutual accountability.¹²

4.1 Monitoring Action at the Country Level

At the country level, there is a need for donors, governments and civil society to agree upon a set of country targets, with the aim of improving the quality of aid and accelerating its disbursement. The targets should be regularly monitored and effective sanctions imposed on parties who fail to meet their commitments. Civil society and other pressure groups should be more involved in monitoring aid spending and encouraging public debate about aid performance and impact at the country level. The monitoring mechanisms should give space for all stakeholders, including civil society and the private sector to make a contribution to the monitoring process.

Monitoring systems that have been established in some countries such as Mozambique and Tanzania could be studied closely to provide an excellent guide for further action. In this context, Tanzania's Independent Monitoring Group (IMG) is worth examining:

The IMG was established by the Government of Tanzania and its development partners for monitoring and evaluating progress in their aid relationships. The terms of reference for the IMG have been endorsed by both sides and the reports produced by the IMG are subjected to a joint discussion between the government and development partners with a view to reaching agreement on the next steps.

¹² For more on mutual accountability, please see the overview papers by the DAC, 'Mutual Review of Development Effectiveness in the context of NEPAD', available at http://www.uneca.org/conferenceofministers/2005/documents/Mutual_review_of_development_effectiveness_in_the_context_of_NEPAD.pdf; and, by Paolo de Renzio of the Overseas Development Institute, 'Promoting Mutual Accountability in Aid Relationships', available at <http://www.dfid.gov.uk/mdg/aid-effectiveness/newsletters/mutual-accountability-synthesis.pdf>.

A technical secretariat consisting of representatives from both sides has been established to carry out day to day monitoring of progress in implementing the recommendations of the IMG. Initiatives like the IMG concept in Tanzania could be replicated with adaptations as may be needed to reflect concrete country specific situations.

Partner countries should identify preferred aid modalities, establish indicators of progress and take actions which facilitate movement towards those aid modalities. Budget support has been growing in popularity as an aid instrument because it provides greater flexibility, and permits an easier allocation of resources in accordance with the national development priorities. In addition, budget support is more amenable to policy dialogue and encourages the use and strengthening of national planning, budgeting and accountability processes.

However, it should be noted that budget support may reduce the incentive for recipient countries to mobilize domestic resources, weakening long-term efforts to move away from aid-dependency. Despite these potential issues, donors need to be able to persuade their legislatures and authorizing bodies that the systems in place are as good as those they customarily use for aid, or at least that they meet a minimum standard, and that those systems are in the process of improvement and strengthening. To allay this concern, African countries are giving governance concerns higher priority; as economic governance is to be strengthened; the fragmentation of accountability systems among several donors and projects needs to be reduced. In this context, priority should be placed on developing the capacity to analyze various aid delivery mechanisms and modalities and to proactively lead aid management and co-ordination processes.

Governments should be encouraged to establish clear aid management policies (e.g. Tanzania's Joint Assistance Strategy). The aid management policies and strategies would provide a guide to good practices in aid management,

monitoring and development cooperation that is consistent with the principles of the Paris Declaration. This is an area which has great potential for the exchange of experiences among African countries at regional and sub-regional levels.

To facilitate both government led and independent monitoring of donor commitments, donors should improve their aid statistics at country level, disaggregating them in a manner that would help to identify which donor flows are truly helping governments to scale up. This would provide recipients the fiscal space to effectively implement their development strategies for achieving growth and the MDGs.

In order to mitigate the problem of unpredictability African governments should prepare ten- year implementation plans with the financial implications for achieving the MDGs clearly articulated. These development plans should be the basis for discussion with donors, facilitating the commitment of resources over a longer (potentially ten-year) time horizon. In this context, there is need to establish medium- and long-term development finance scenarios as a roadmap for setting up framework conditions for aid, domestic resource mobilization and foreign direct investment. Such work also paves the way for rising domestic resource mobilization and intermediation to ensure that short- and medium-term increases in aid dependence (which may be necessary at this stage for meeting MDGs) do not become permanent features in African economies.

Finally, a key component of monitoring, especially at the grass-roots level, is civil society. Tentatively, non-governmental organizations (NGOs) across Africa are developing the ability to track donor commitments made to their respective country, and then monitor implementation. Where possible, these efforts should be facilitated and aided. Civil society fills a key gap in the monitoring architecture at country level.

4.2 Monitoring Action at the Regional and Sub-regional Levels

At the regional and sub-regional levels, collective action is needed to address the challenges and problems which are common to several countries in the region. Coordinating/Monitoring structures could be housed in existing regional and sub-regional institutions owned by developing country governments such as the regional economic communities, NEPAD/AU, UN Economic Commission for Africa (UNECA) and AfDB as may be deemed appropriate. The regional and sub-regional level organizations should take initiatives to step up collective action not only in monitoring and managing the aid process, but also in increasing the African voice in the WTO and other global negotiations.

Mechanisms that have already started working in the regional context should be strengthened. The role of APRM, an institutionalized source of peer pressure to improve governance, is an encouraging development in putting the mandate of improving governance in the hands of Africans. The work of APRM needs to be extended and deepened to include the areas of economic governance and management.

The discussion amongst African countries at the regional level should be stepped up to through more effective learning groups and exchange of experiences in the evolving aid architecture.

Organizations of other stakeholders should be encouraged to support the monitoring process. Networks of civil society organizations like African Monitor, a pan-African initiative led by the Archbishop of Capetown, should be supported to help hold African and donor governments to account and complement the government led monitoring processes.¹³

¹³ African Monitor had its inaugural meeting on 3 May 2006 in Cape Town, South Africa. It aims to “ensure that the voice of Africa’s people, their priorities and perspectives are heard in the corridors of power by developing and implementing a participatory monitoring model”. More information can be found at www.africanmonitor.org.

4.3 Monitoring Action at the Global Level

At the global level, there is a critical need for an independent international mechanism structure that would enable developing countries to hold country partners and donors accountable. The framework should be based on internationally agreed time-specific targets that are publicly and regularly updated with civil society participation.

It is proposed that a high priority is accorded to strengthening the Africa Partnership Forum (APF) as the main forum for monitoring and reviewing progress, which would include delivery of commitments made by all countries. APF meetings are frank and open discussions. The way forward now is to facilitate the APF to more effectively monitor donor and African commitments. The agreement reached in October 2005 to develop a Joint Action Plan containing key commitments on each side is very welcome and its operationalization should be a high priority. With the Support Unit working with AU and NEPAD it should be possible to lay the groundwork for the operationalization of the agreed Joint Action Plan, which should be followed by annual progress reports to start coming out with effect from October 2006. The challenge here is to ensure involvement of high level political representation to provide the political will necessary to turn commitments into action.

On 2 May 2006, the DAC Working Party on Aid Effectiveness launched the DAC Monitoring Survey. This initiative will establish an initial and comprehensive baseline with regards implementing commitments against which progress can be monitored. This should be followed up by continued survey work and should be widely supported by the members who endorsed the Paris Declaration. So far, twelve out of sixty countries have confirmed their participation in the survey and it is hoped that more countries will be prompted to join given the importance of the results in encouraging a broad based dialogue at country level on how to make

aid more effective and providing the necessary aid data for effective dialogue to be conducted at all levels.

The work that is being planned for SPA-7 is expected to give space to African governments and their international partners to improve the quality and increase the quantity of aid, as well as improve the partnership relationships that are so essential to increasing aid effectiveness. The efforts that are being made should continue to be strengthened to effectively complement the global monitoring mechanisms. African governments should organize themselves to make more effective use of this forum.

In recent years, developing countries have become considerably more active in WTO negotiations, especially in agricultural talks. Developing countries have successfully challenged some actions taken by developed countries in the WTO's dispute settlement procedure. Without the WTO, these smaller countries would have been powerless to act against their more powerful trading partners. It is vital that Africa organizes itself, as it has already started doing under auspices of the AU, to use the WTO ministerial meetings to make real progress towards a fairer trade system. Specific commitments such as ones to end cotton subsidies by the end of 2006 and to end all agricultural export subsidies by 2013 as agreed in the WTO's Ministerial Meeting in 2005 should be monitored closely. The initiatives to monitor these commitments should be built into the WTO Ministerial meetings as a permanent agenda.

There have been concerns over absorptive capacity. The initiative that will be made at the country level to make medium- and long-term development finance scenarios as a roadmap for setting framework conditions for aid should be supported by technical assistance from the IMF, possibly in the context of the Poverty Reduction and Growth Facility (PRGF). The IMF should play the role of advising governments on the various scenarios and their implications on

macroeconomic management. The DAC/World Bank initiative to survey donors' forward aid plans and the World Bank/UNDP work to offer annual "Results and Resources Meetings" to developing countries will help to build clearer pictures at the country level of future aid flows. However, a large part of the solution to the limiting absorptive capacity lies in improving governance and investing in infrastructure and capacity development in the partner countries.

The initiative that the UN Secretary General has taken, to appoint a High-Level Panel to consider fundamental restructuring of UN agencies at the global and country level, should be supported. In this regard, lessons can be drawn from countries where restructuring of the UN's work at the national level has been addressed. For instance, UN Agencies in Tanzania have undertaken a Joint Review of how their operations can better be aligned to national development priorities and processes and how the Agencies can reposition their activities for greater efficiency and effectiveness in the new setting of the second generation of Poverty Reduction Strategies (PRS) and changing aid relationships¹⁴. Lessons from this experience could be useful to inform restructuring at global level as well at the national level in other countries.

¹⁴ UN Joint Strategic Review: Contribution to the Poverty Reduction Strategies in Tanzania, February, 2005

5. Conclusions and issues for discussion

African governments have made commitments to implement national development strategies that incorporate plans to achieve the MDGs. They derive financial support from domestic resource mobilization as well as assistance from the international development community. Foreign assistance will play a key role in complementing the domestic resource mobilization efforts. Building on the encouraging progress in the recent past, this paper has taken stock of financing development commitments made in 2005 and the progress that has been made in implementing these commitments. On the basis of that stock-taking exercise, a reflection has been made on options for improving monitoring of these commitments with a view to making implementation of commitments more effective by reinforcing the need for concrete mechanisms to be established.

The paper has examined commitments to scale up aid (including debt relief) and to adopt aid delivery and management approaches and practices that would enhance the quality of aid with a view to making aid more effective in meeting the development goals. It has also reviewed country, regional and global efforts to monitor the implementation of these commitments.

Preliminary indications of data for 2005 show that the direction of change, in terms of meeting commitments made, is the right one and the pace of change is promising. Official development assistance to developing countries from member countries of the OECD increased by a record 31.4 percent, in real terms, in 2005. It represents 0.33 percent of the Committee members' combined Gross National Income in 2005, up from 0.26 percent in 2004.

A number of important issues have emerged from this paper:

- The relationship between Africa and its development partners is undergoing radical change. At the centre of this new relationship is the establishment by

Africans of the AU and NEPAD. Institutional capacity developments and strategic alliances among key African institutions have been growing at an encouraging pace. This is a good foundation for the way forward.

- In thinking about options for improving monitoring of commitments consideration should be given to three points. First, past experience with donors and their record of honouring commitments should be taken into account in order to minimize the chances of falling behind commitments this time around. Second, all stakeholders, including domestic constituencies, donors, and country partners, should be given the space and impetus to participate more effectively in the monitoring processes. Third, monitoring should be designed and implemented at the global, regional, sub-regional and country levels. Monitoring at all these levels should be designed to complement and reinforce each other. Concrete monitoring mechanisms should be set up consistent with a new framework of mutual accountability.
- At the country level there is a real need for a set of country targets to be agreed upon between donors, governments and civil society with the aim of improving the quality of aid and accelerating its disbursement. In this regard, lessons from other African countries can be usefully exchanged. Governments should be encouraged to establish clear aid management policies (e.g. Tanzania Joint Assistance Strategy) consistent with the principles of the Paris Declaration.
- In order to mitigate the problem of unpredictability African governments should prepare a ten-year development programme with its financial implications for achieving the MDGs clearly articulated. These programmes should be the basis for discussion with donors, facilitating longer term commitments.

- At the regional and sub-regional level, collective action is needed to address the challenges and problems which are common to several countries in the region. The regional and sub-regional level organizations should take initiatives to step up collective action not only in managing the aid process but also in increasing the African voice in the WTO and other global negotiations. Mechanisms that have already started working in the regional context should be strengthened. The role of APRM, an institutionalized source of peer pressure to improve governance is an encouraging development in putting the mandate of improving governance in the hands of Africans.
- At the global level, there is a critical need for an independent international structure, which would enable developing countries to hold country partners and donors accountable. This should be based on internationally agreed time-specific targets, which are regularly monitored with civil society participation and publicly reported on. It is proposed that high priority be accorded to strengthening the African Partnership Forum (APF) as the main forum for monitoring and reviewing progress including delivery of commitments made by all countries. The challenge here is to ensure involvement of high level political representation to provide the political will necessary to turn commitments into action.

Recent commitments by donors to increase ODA flows have provided hope that significant progress can be made towards achieving the MDGs. Effective monitoring of commitments would further ensure successful disbursement and realization of these aid commitments.

Annex A: Gleneagles Financing Commitments of Individual G8 Members

COUNTRY /GROUP	COMMITMENT	DEADLINE
Canada	The 2005 budget provides an additional C\$342 million (US\$308 million) to fight diseases that mainly afflict Africa.	2005
	Assistance to Africa will double from 2003/04 to 2008/09.	2009
	To double international assistance from 2001 to 2010.	2010
	The Canadian Investments Fund for Africa will provide C\$200 million (US\$180 million) for Public-Private Risk Capital for private investment.	-
	Provision of C\$90 million (US\$81 million) for humanitarian needs.	-
EU Member States	Double EU aid by 2010 by providing an additional US\$40 billion.	2010
	Interim collective target of 0.56 percent ODA/GNI.	2010
	0.7 percent of their national income on aid.	2015
France	0.5 percent ODA/GNI in 2007 of which two-thirds would be for Africa – representing at least a doubling of ODA since 2000.	2007
	0.7 percent ODA/GNI.	2012
Germany	0.51 percent ODA/GNI.	2010
	0.7 percent ODA/GNI.	2015
Italy	0.51 percent ODA/GNI.	2010
	0.7 percent ODA/GNI.	2015
Japan	Japan has committed to doubling its ODA to Africa over 2005-8.	2008
	An increase in ODA volume by US\$10 billion aggregate over 2005-10.	2010
	US\$85 billion 'Health and Development Initiative' over 2005-8.	2010
	More than US\$1 billion for the Enhanced Private Sector Assistance (EPSA) for Africa facility	2010
Russia	Cancellation of US\$11.3 billion worth of debt relief to the HIPC initiative.	-
	Russia is considering writing off its bilateral stock of HIPC countries debts on non-ODA loans. This will add US\$750 million to the countries' relief.	-
UK	Doubling of bilateral aid to Africa between 2003/04 and 2007/08.	2008
	0.7 percent ODA/GNI.	2013
US	An initiative to address Humanitarian Emergencies in Africa of more than US\$2 billion in 2005.	2005
	Doubling of aid to SSA between 2004 and 2010.	2010
	It has launched a Millennium Challenge Account (MCA), with the aim of providing US\$5 billion a year to developing countries.	-
	US\$15 billion President's Emergency Plan for AIDS Relief.	-
	New US\$1.2 billion malaria initiative.	-
	The US will continue to work to prevent and mitigate conflicts, including through the five-year US\$660 million Global Peace Operation initiatives.	-

Source: Annex II of the G8 Gleneagles Communiqué

		B	A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.
5b	Use of country public financial management systems — Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	PERCENT OF DONORS	
		Score* Target	
		A	All donors use partner countries' PFM systems.
		B	90% of donors use partner countries' PFM systems.
		PERCENT OF AID FLOWS	
		Score* Target	
A	A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.		
B	A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.		
6	Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.	Reduce by two-thirds the stock of parallel project implementation units (PIUs)	
7	Aid is more predictable — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.	
8	Aid is untied — Percent of bilateral aid that is untied.	Continued progress over time.	
HARMONISATION		TARGETS FOR 2010	
9	Use of common arrangements or procedures — Percent of aid provided as programme-based approaches.	66% of aid flows are provided in the context of programme-based approaches.	
10	Encourage shared analysis — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) 40% of donor missions to the field are joint.	
		(b) 66% of country analytic work is joint.	
MANAGING FOR RESULTS		TARGETS FOR 2010	
11	Results-oriented frameworks — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	Reduce the gap by one-third — Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.	
MUTUAL ACCOUNTABILITY		TARGETS FOR 2010	
12	Mutual accountability — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	All partner countries have mutual assessment reviews in place.	

Important Note: In accordance with paragraph 9 of the **Declaration**, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 60th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

Note on Indicator 5: Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.