

# 2006 Survey on Monitoring the Paris Declaration

## Key findings & challenges

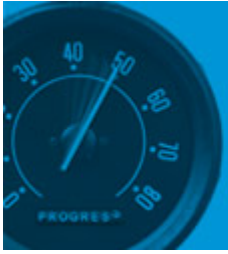
Simon Mizrahi • Vienna, 30 May 2007





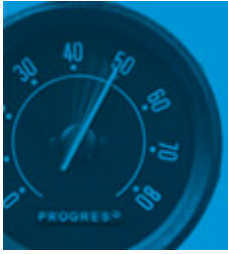
# Change? Why change?





# Questions

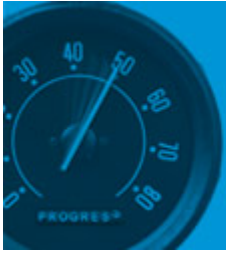
- How can aid best contribute to achieving development results?
- What needs to be done to increase the effectiveness of aid?



# Content

1 Key findings of the Survey

2 Challenges for Ghana



# When is aid effective?

- When it helps countries achieve their own development goals.
- Three conditions are needed:
  - Predictability.
  - Accountability.
  - Cost-effectiveness.



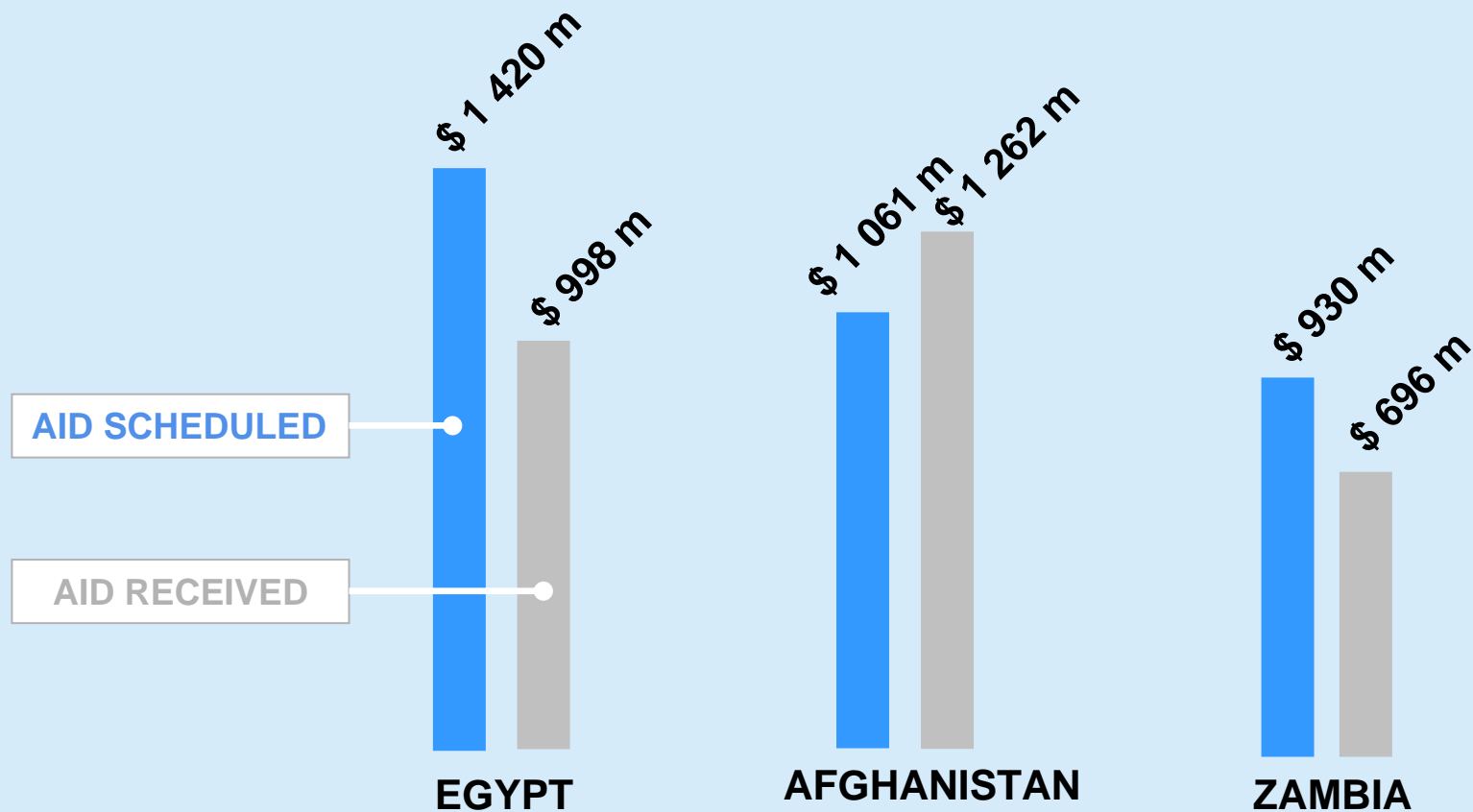
# Predictability of aid

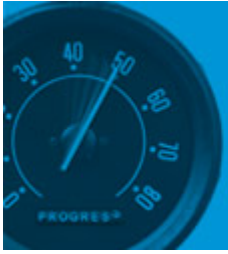
- Aid is predictable when donors actually disburse:
  - What was previously agreed...
  - ...when it was agreed.
- Countries cannot make full use of aid when it is unpredictable.
- Predictable aid contributes to achieving development results.



# Was aid predictable in 2005?

41% of aid was disbursed on schedule in 2005





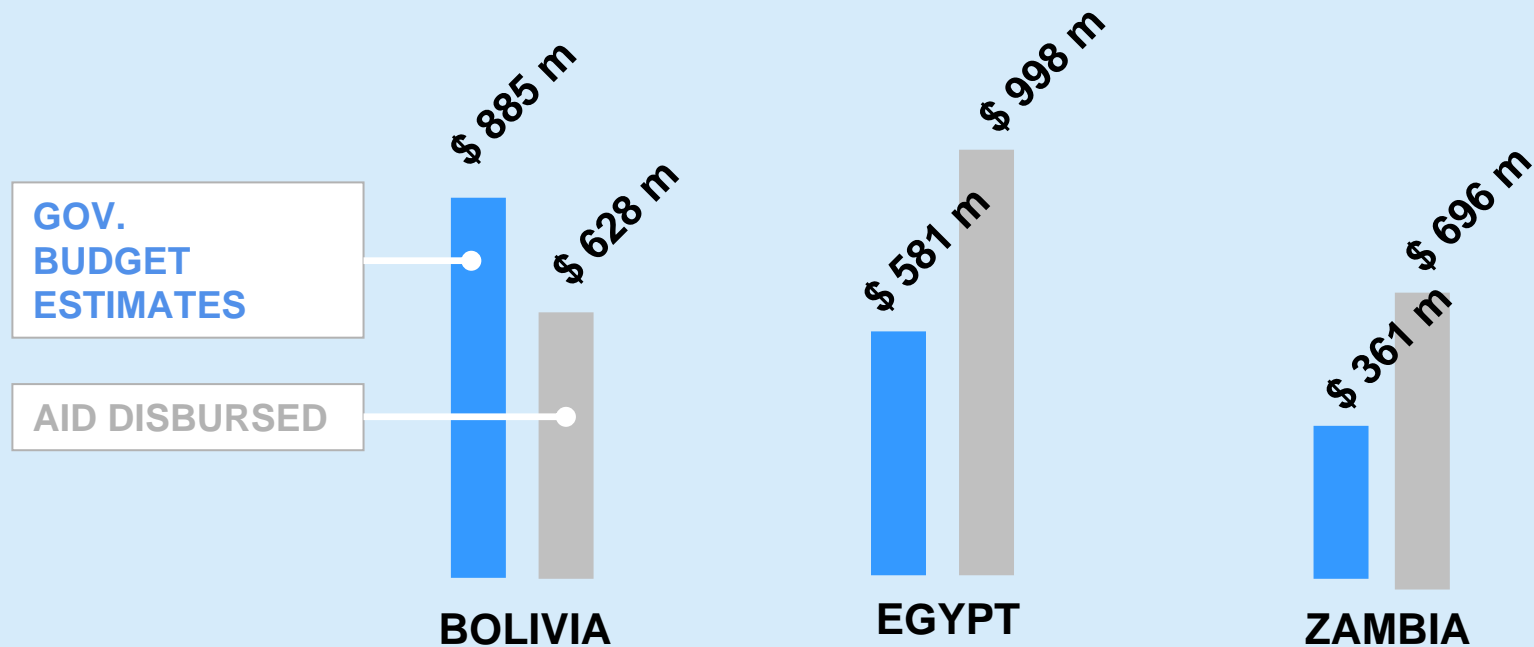
# Accountability of aid

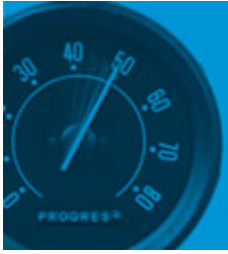
- Aid is accountable when it is:
  - Connected to country policies & policy processes.
  - Subject to normal democratic scrutiny.
- Scrutiny mechanisms are often weak :
  - Parliamentary scrutiny of budgets.
  - Supreme Audit Institutions.
  - Large chunks of aid are not recorded in budgets.



# Was aid accountable in 2005?

42% of aid was recorded in countries' budgets





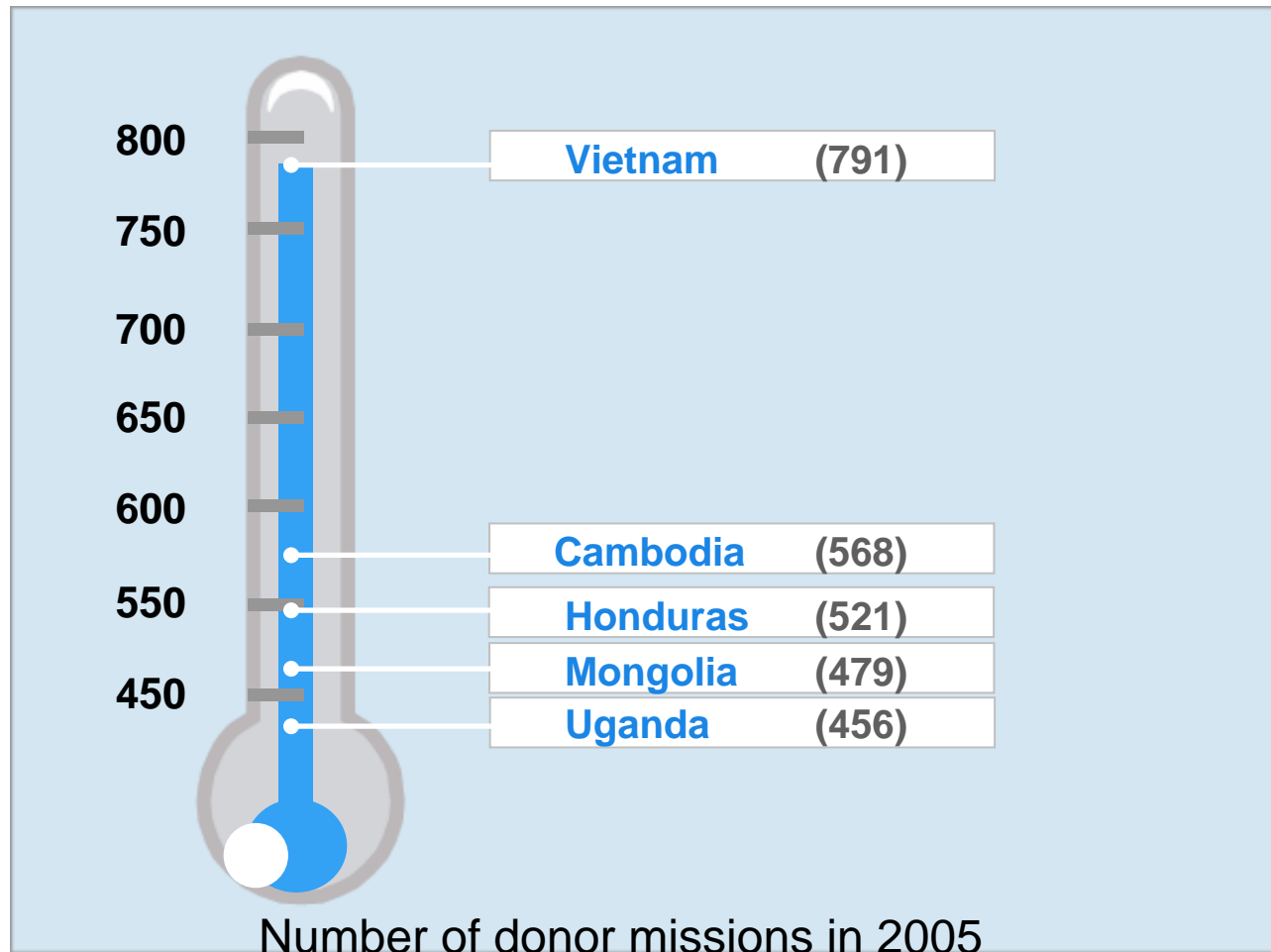
# Cost-effectiveness of aid

- The benefits of aid need to outweigh the cost of delivering it.
- Transaction costs are high...and increasing.
  - Scaling-up of aid
  - More donors.
  - New business model is expensive.



# Is aid cost effective?

10 453 missions in 34 countries in 2005

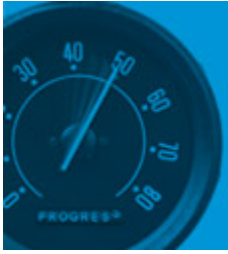




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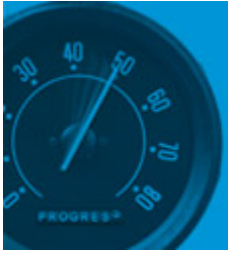
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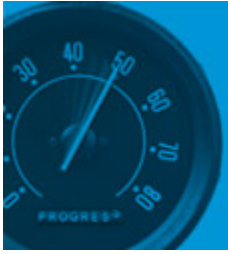
# Improve predictability of aid

- In-year predictability
  - Avoid unrealistic expectations (e.g. conditionality, implementation)
  - Donors need to increasingly disburse on schedule.
  - Countries to record disbursements more comprehensively & accurately.
- Move towards multi annual predictability?



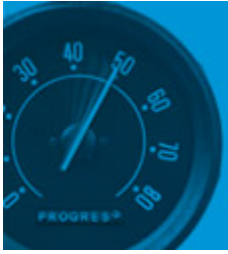
# Strengthen accountability

- Domestic accountability
  - Strengthen normal democratic scrutiny of development policies (parliament, CSOs, SAI etc. )
- Enhance the credibility of the budget
  - More realistic budget estimates for aid.
  - Better information from donors on all their activities.
- Mutual accountability to enhance dialogue



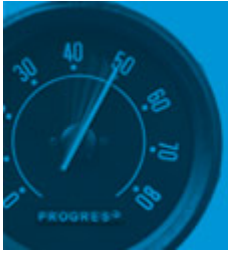
# Increase cost-effectiveness

- Curb transaction costs aggressively
  - Reliance on strengthened country systems.
  - Complementarity & division of labour.
- Internalise the normal operational costs of doing business more effectively
  - Moving the costs from partners to donors.
  - Donors to adapt to countries



# Donors corporate level incentives

- Leadership: sending the right signals
- Acknowledge the cost & benefits of more collaborative work.
- Create collective incentives that focus on collective gains.
- Review procedural & legal framework.



THANK YOU FOR YOUR ATTENTION!