

# **Aid & the MDGs: Are we on the right track?**

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# Overview

- Actual Aid
- Harmonisation & Alignment
- Scaling Up

# Actual Aid

- Larger increases in aid categories:
  - Emergency (↑34%)
  - Debt relief (↑46%)
  - Technical Cooperation (↑16%)
- Aid tying still a problem
- H&A agenda delivering limited results

# Harmonisation & Alignment

- Limited progress from Rome Declaration
- Lack of appropriate incentives, therefore...
- ...need for clear and strong mutual accountability frameworks
- ... and for a better understanding of country-level incentives

# H&A: Further actions needed

## Political Level

Public Information Campaigns; Support to Partner Governments; Strengthen International Mechanisms

## Institutional Level

Formulation of Policies and Guidelines; Improving M&E systems; Dealing with Resistance to Change

## Individual Level

Improve Formal and Informal Incentives (incl. recruitment, appraisal and training)

# Scaling Up Aid for the MDGs

- Great political momentum in 2005
  - (Millennium Project, Africa Commission, G8)
- The IFF opportunity
  - 3 key factors: governance, allocation criteria, delivery mechanisms
- The risk of incoherence and fragmentation
  - Vertical Funds, MCA, etc.
- The challenge of absorptive capacity
  - Can more aid be effectively used?

# Absorptive Capacity: what can be done?

- Improve aid practices
- Sensible macroeconomic management
- Politics, institutions and accountability
- Gradual build-up of infrastructure and capacity
- Think outside the box

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**THANK YOU!**

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