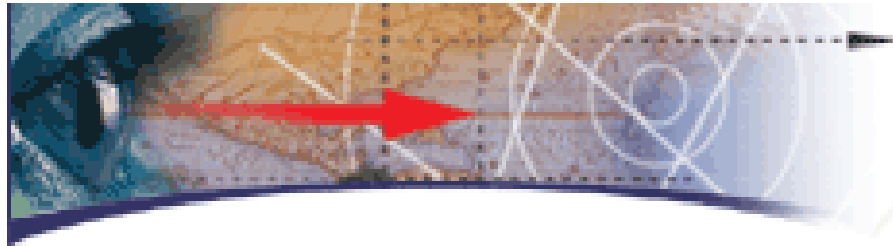


# The Changing Face of Aid: Aid Effectiveness

Leigh Wolfrom  
IFI BOOTCAMP  
Victoria, BC  
September 9, 2007

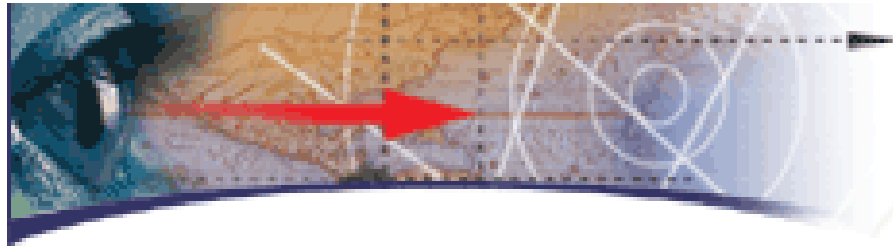




## Aid Effectiveness = Value for Aid Dollars

- Open competition in procurement (efficiency)
- Reduced donor demands on recipient countries (harmonization)
- Recipient priorities and management capacity (alignment)

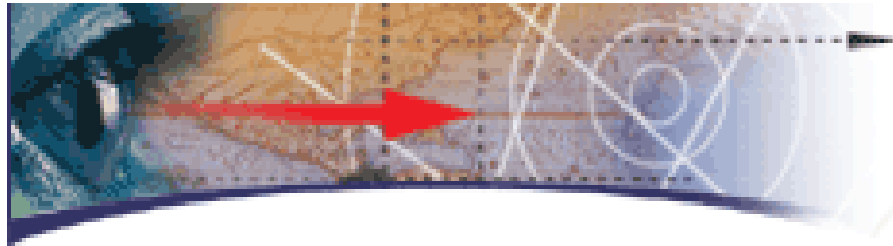




# Aid Untying

- 2001 agreement to untie bilateral aid to the least developed countries (not TA)
- 2007 (?) extension to all HIPCs
- Future extensions to other countries, technical assistance?





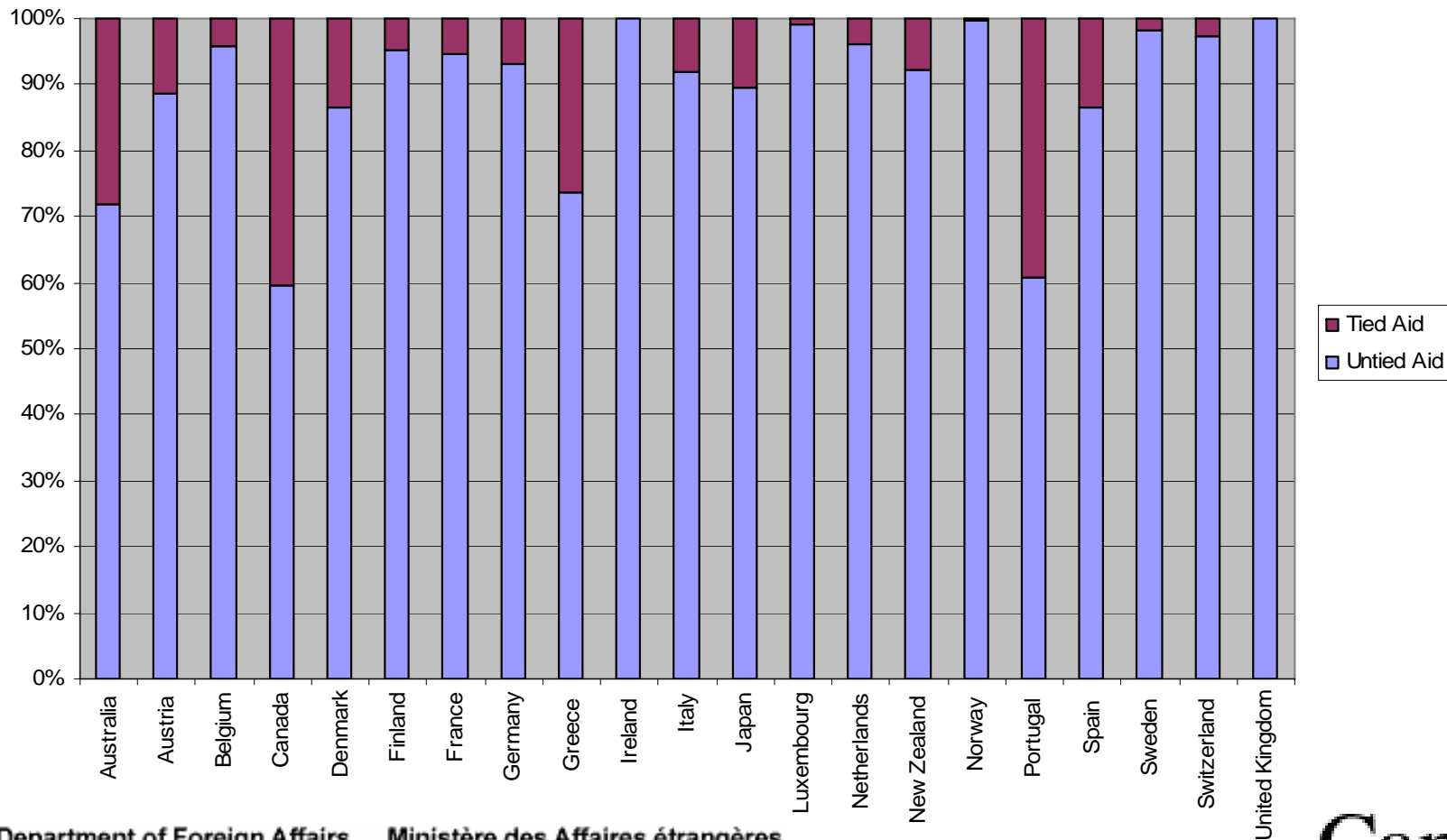
# Untied Aid Transparency

- Notification of opportunities to other donors and public
- Monitoring of contract results



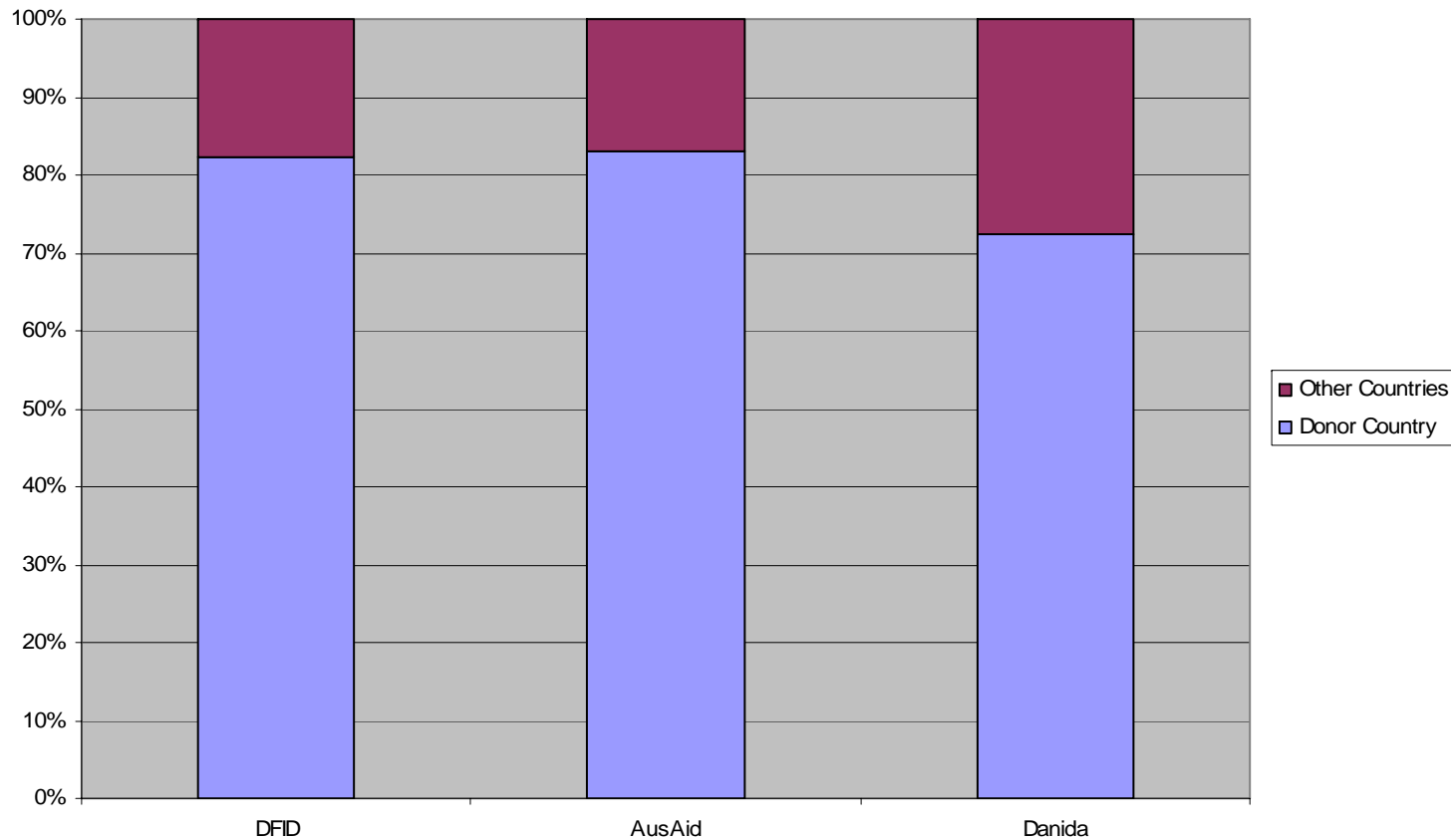
# Untied Aid Implementation (1)

Tied and Untied Aid (2005)



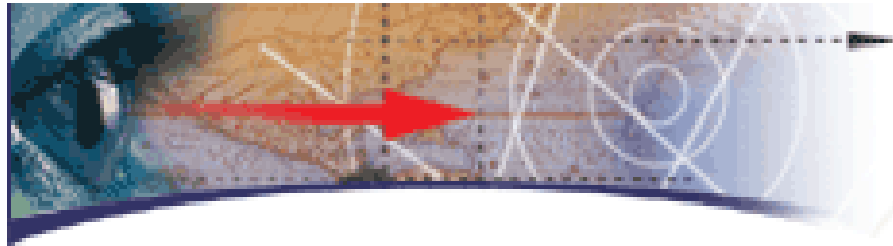
# Untied Aid Implementation (2)

Contracts by Country



## Untied Aid Implementation: Universal Procurement at the MDBs

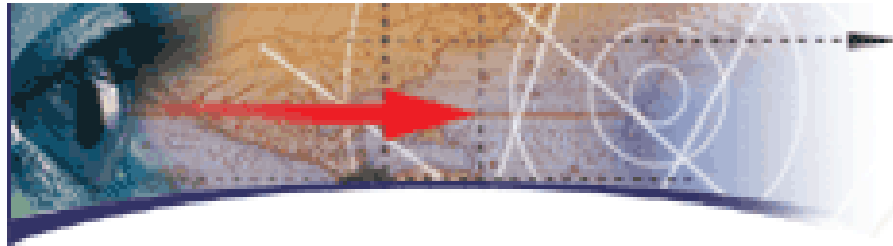
Bank	Status
WB	Approved
IDB	Discussed but rejected
AsDB	Discussed but rejected
AfDB	Currently under discussion
CDB	Discussed but rejected
EBRD	Approved



# Aid Effectiveness Principles

- Country Ownership:
  - Design and implementation of aid through program-based approaches (PBAs) using country systems (national budget, country procurement systems, etc.)
- Where Country Ownership is Difficult:
  - Avoid aid tying
  - Build local capacity

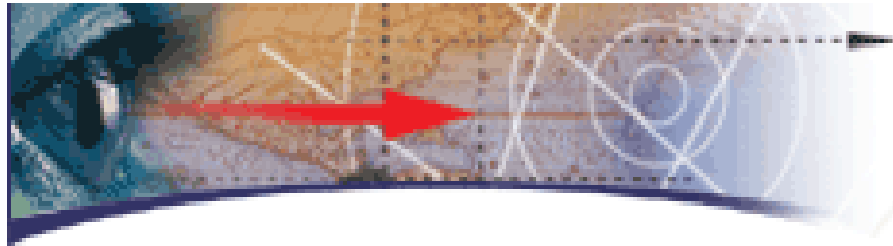




## Aid Effectiveness Targets (2010)

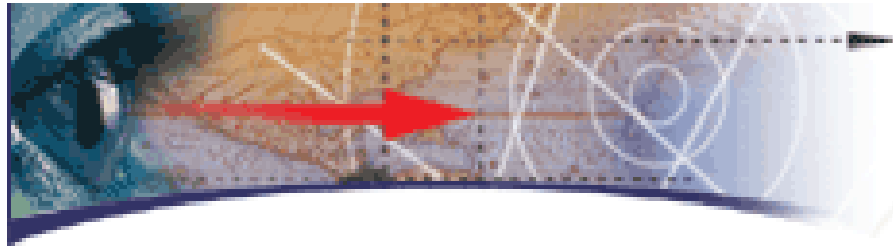
- 90%+ donors use partner countries financial management and procurement systems (where possible)
- 66% of aid flows are provided as programme-based approaches (PBAs)
- 50% of technical assistance flows are part of coordinated programmes consistent with national development strategies





## Aid Effectiveness: Current Status

- Sample of 34 countries representing 37% of all aid receipts:
  - 43% of aid to 34-country sample was delivered as PBAs
  - Less than 30% of TA was coordinated in 15 of 34 countries
  - Use of country procurement systems: 39%



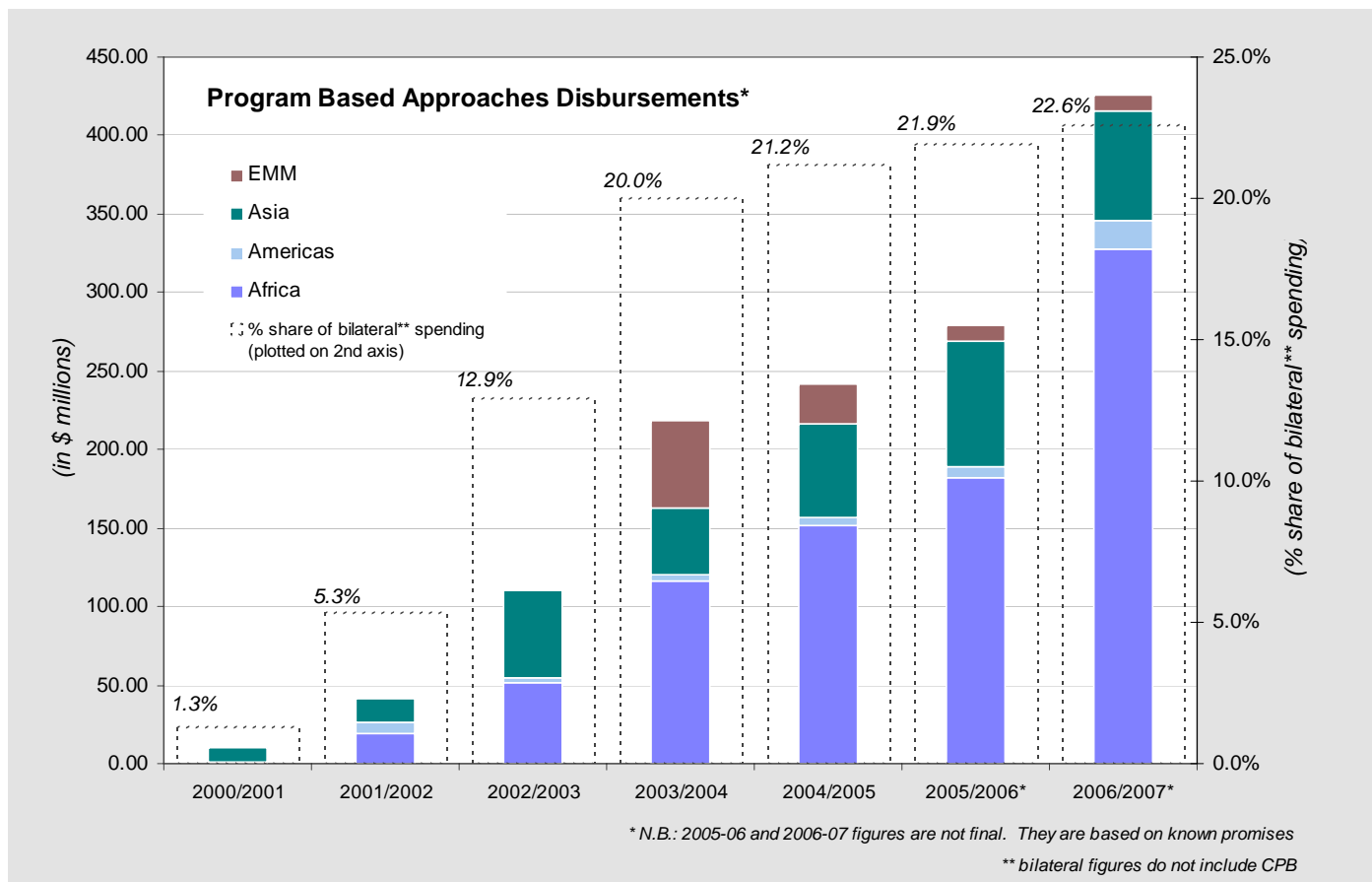
# Aid Effectiveness at the MDBs

- Increasing use of PBAs
- Some use of country systems
- Decentralization



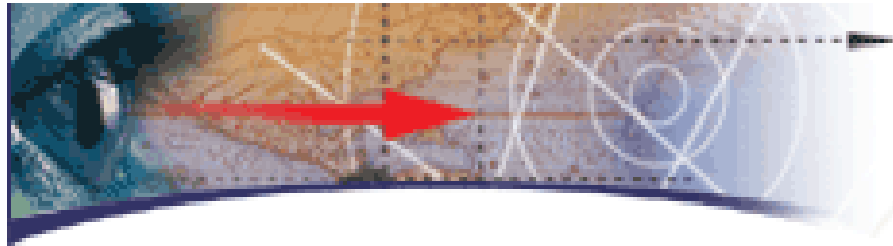


# PBA's at CIDA



## MDBs & PBAs

Bank	% PBA	Definition
WB	31%	Policy Loans
AsDB	42%	Programme Loans
AfDB	27%	Policy Loans
IDB	N/A	Sector Loans



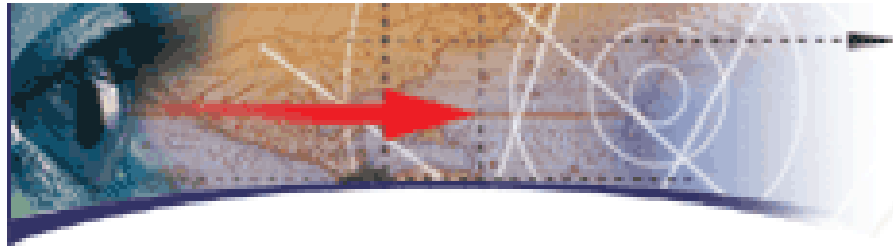
# MDBs & Country Systems

- Generally accepted for local bidding
- Joint Country Procurement Assessments underway
- WB Country Pilot Programmes (8 countries in FY 07) – Consultations to begin
- AsDB Pilot Programmes (3 countries)
- AfDB at policy discussion stage



# Decentralization

Bank	Country Offices	Country Office Responsibilities
WB	105	Procurement Oversight, Country Dialogue & Program Design
IDB	26	Procurement Oversight, Country Dialogue & Program Design
AsDB	23	Resident & regional missions, representative offices, and program specific offices
AfDB	22	Procurement Oversight, Country Dialogue & Program Design
CDB	1	Procurement Oversight, Country Dialogue & Program Design
EBRD	29	Country Dialogue and Investment Sourcing



# Implications

- Increased competition for CIDA funding and MDB procurement
- New sources for identifying opportunities
- New marketing channels in recipient countries (on top of CIDA or MDB staff)

