ACCOMPANIMENT IN AID DELIVERY

A CONCEPT NOTE BY PAUL FARMER

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"Accompaniment is an elastic term. It has a basic, everyday meaning. To accompany someone is to go somewhere with him or her, to be present on a journey with a beginning and an end. The companion, the accompagnateur, says: I'll go with you and support you on your journey wherever it leads; I'll share your fate for a while. And by 'a while,' I don't mean a little while. Accompaniment is about sticking with a task until it's deemed completed, not by the accompagnateur, but by the person being accompanied." Dr. Paul Farmer

Paul Farmer Introduction

Since 1983 I have worked in Haiti in many capacities, mainly as a physician aiming to improve medical care. For the first decade of that endeavor my assumption was that my colleagues and I could do a better job of caring for the poor and the sick than Haitian public institutions. After ten years of effort, I began to see that my philosophy needed to change. If Haiti was ever to have a robust means of caring for all of its citizens, especially the poor, then working with and through Haitian institutions was the only way to achieve meaningful and long-lasting results.

I have served as UN Deputy Special Envoy for Haiti under President Bill Clinton since August 2009. This experience has given me more insight into the inner workings of bilateral and multilateral donors and the challenges they face implementing their humanitarian and development programs. These donors are the key actors in delivering the approximately $150 billion in international development assistance each year,[1] an estimated 79 percent of which is intended to strengthen the provision of public goods and services.[2] This paper focuses on that 79 percent.

The aid enterprise has contributed to a number of achievements – not the least of which is the distribution of public goods that have led to higher rates of child survival and reduced HIV infection, malaria and other infectious diseases. However, positive gains achieved through imported technology and expertise cannot be sustained if we fail to strengthen the public institutions that are responsible for the ongoing delivery of these goods to all citizens, and it is in this area I believe that we can do much better.

I can only speak from my experience, which suggests that how we choose to channel aid dollars matters. We cannot expect institutions to strengthen and expand their reach if they do not have additional resources. Our efforts to substitute for public, private and third sector institutions can only go so far.

The case of Haiti's General Hospital, the main public hospital in Port-au-Prince, provides a concrete example. The outpouring of goodwill that followed the 2010 earthquake, for example, resulted in thousands of donors, philanthropists and international organizations coming to Haiti to offer services. For months they worked to save lives and ease suffering. What they did not do, however, was to contribute to strengthening Haiti's public health system. After these groups left, Haiti's General Hospital – an institution that was understaffed and underfunded even before the earthquake – was faced with caring for the sick and wounded on a budget that amounted to a small fraction of the local operating costs of some of the international healthcare providers.

I am convinced that, together, we can help change the way the 79 percent of aid in support of the public sector is delivered to ensure that more of it ends up supporting essential institutions such as the General Hospital. I believe that the most successful efforts to support local institutions are those conducted not as "aid," but as "accompaniment." Accompaniment is not a new idea, but a longstanding principle that has inspired medical practitioners and service providers to address the overall needs of the most vulnerable. Over the years I have seen its relevance to international development assistance because of the approach that it takes to partnership.

In the context of international development assistance, accompaniment means supporting a society, its institutions and its citizens, on their own path toward less dependence on outside aid. It draws on

and reinforces other development principles, including the aid effectiveness and human rights agendas, in calling for aid to focus on better access to services and jobs, as defined by the government and its citizens in their national plans.

Like the aid effectiveness agenda, the accompaniment approach also calls for more resources to be invested directly in a country's institutions. Guided by a pragmatic solidarity with the poor, the accompaniment approach seeks to listen, rather than provide solutions, not only to the goals and plans of citizens and their institutions, but also to the challenges that they face in their day-to-day operations and their perspectives on how to meet them. With a strong emphasis on implementation through partnership, accompaniment is specifically focused on guiding international partners to transfer more resources and assets directly to national and local institutions so that they can work to overcome these challenges.

This paper sets forth eight principles for applying the accompaniment approach to international assistance that I have learned through my experience in Haiti and elsewhere:

1. Favor institutions that the poor identify as representing their interests
2. Fund public institutions to do their job
3. Make job creation a benchmark of success, even in public sector oriented programs
4. Buy and hire locally
5. Co-invest with governments to build a strong civil service
6. Work with governments to provide cash to the poorest
7. Support regulation of international non-state service providers
8. Apply evidence-based standards of care that offer the best outcomes

I have set out these principles in response to the requests of those who have asked how we can best contribute to change. In doing so, I also call upon friends and colleagues to reflect upon how much of the money pledged to aid a country's development will ultimately remain in that country's institutions. More specifically:

- How often in both humanitarian response and development programs do international NGOs, which regularly have collective or even individual budgets larger than the ministry counterpart, transfer resources to their counterparts?
- How much aid goes to buying goods and services within the local economy?
- How often are policies and plans for developing countries created with meaningful participation of local institutions or citizens?

Making the case for the eight principles of accompaniment

The Paris Declaration on Aid Effectiveness has led to positive changes in the way donors approach international assistance – including the push to untie aid and emphasize the use of country systems within recipient countries. In spite of these changes, however, the response of donors following the Haitian earthquake suggests that these policy commitments do not always lead to changes in the way aid dollars are spent. Aid to Haiti almost quadrupled between 2009 and 2010, increasing from $1.12 billion to an estimated $4 billion,[3] but much of it did not reach Haitian institutions. For example:

- Of the $2.6 billion committed or disbursed by bilateral and multilateral donors to humanitarian relief efforts, less than 1 percent was provided to the government of Haiti;[4]

- Of the $1.1 billion channeled to international and Haitian organizations participating in the UN flash appeal in 2010, Haitian organizations received only 0.14 percent ($1.6 million);[5]
- Of the $1.5 billion in recovery and development funding disbursed by bilateral donors, only 6 percent ($94.8 million) was disbursed as budget support to the government;[6]
- Of the billions of dollars of procurement contracts issued by one of the top five donors following the earthquake, only 2.4 percent were provided to Haitian businesses.[7]

These trends in Haiti are reflective of how aid is provided globally, particularly in states in fragile settings that receive an estimated 30 percent of aid.[8] Of aid from major bilateral and multilateral donors to these states, approximately 80 percent bypasses country systems, with bilateral donors giving only 11 percent through these systems.[9] There is also evidence that shows that in some contexts, only 10 percent of the funding of international organizations has a local economic impact.[10]

What contribution does this make to development? Despite investments of approximately $50 billion in aid, not one country in low-income, fragile or conflict-affected settings – home to approximately 1.5 billion people – has achieved a single United Nations Millennium Development Goal.[11]

Making a connection between how aid is channeled to states in fragile settings and their progress toward the MDGs is complicated. Most development experts would agree that it takes strong state institutions at the national and local level to achieve and sustain development goals. Aid is only part of the pool of resources and tools available to support the development effort. Yet the limited success of aid in states in fragile settings, where aid is often of greater importance, raises the question of whether donors can channel their support in another, more transformative way by implementing the policy commitments that they have made to channel greater resources to those institutions which are responsible for a country's progress. USAID, for example, has committed as part of its agency-wide reform agenda launched in August 2010, 'USAID *Forward*',[12] to increase from 13 percent in FY2009 to 30 percent in FY2015 the share of its program funds that are disbursed directly to local governments, NGOs and businesses.[13]

There are seemingly many reasons why donors do not direct a greater share of aid through their partner's public and private institutions. Investing in national and local systems entails a certain element of risk and requires donors to ensure that necessary checks and balances are in place. Bilateral donors face pressures at home – from political forces, corporate lobbies and constituencies calling for them to spend aid quickly, transparently and through actors from their own country.

Yet what do they lose by *not* doing so and maintaining the status quo? If donors cannot overcome the challenges they face from their domestic constituencies, they risk irrelevance to the development effort.[14] As discussed throughout this paper, when determining whether to invest in their partner's institutions, donors must balance the risk of fraud against the potential gains of providing more resources to the institutions that are responsible for expanding access to health and education services. The risks of fraud can be mitigated by introducing safeguards and the gains of investing directly in institutions – strengthening institutions, expanding services, and increasing the legitimacy of the state, while investing in the local economy – reap benefits in the long run. The fact that donors act very differently across countries that pose similar risks suggests that the political will to do so can be found.

1. Favor institutions that the poor identify as representing their interests

How much of aid budgets supports institutions that the poor identify as accountable to them?

While donors agree that the poor should be consulted in the preparation of aid programs, it is less common for them to involve them in the selection of funding recipients.[15] Often, the poor know best which institutions represent and are able to serve their interests.

In many countries, Haiti among them, the most vulnerable communities want their governments to provide for them. In "A Voice for the Voiceless," a survey launched after the earthquake to reflect the views of those excluded from the recovery process, Haitians shared their aspirations for their country. Respondents expressed concern that the recovery effort would not adequately target and reach the poor and appealed for the recovery effort to support "the state to be the state."[16]

Globally, civil society organizations (CSOs) have also advocated for similar action. At the Fourth High Level Forum on Aid Effectiveness in Busan (November 2011), CSOs recognized the importance of strengthening both democracy and governments. United behind a common platform, they advocated for channeling funds designated to strengthen the public sector through the systems of public institutions (discussed below) as the first option in aid delivery.[17]

Funding public institutions to do their job in providing basic services and infrastructure should be a priority wherever considered appropriate by the poor, and is embedded in the mandate of the United Nations and other multilateral agencies. When the needs of the poor are met by organizations substituting for their public institutions, it threatens the legitimacy of local and national governments, ultimately detracting from any sustainable solution to service delivery.

But partnering with the poor does not *always* mean supporting the national or local government. In cases where the poor identify the government as hostile or discriminatory towards them, other alternatives need to be identified, including working outside state institutions through local organizations.[18] In Chiapas, Mexico for example, where the indigenous residents have struggled with political violence, Partners In Health (PIH) has supported a local community based organization,[19] to provide health services to marginalized communities for decades through a team of local health promoters. The decision by PIH not to work with the Ministry of Health in Chiapas was made after indigenous residents recounted acts of government-sponsored discrimination against their community. One such act involved the destruction of the community's medical records by the Mexican military – a clear indication that partnering with the government would be counterproductive to efforts to increase their access to health care. Thus despite the presence of nearby state-run clinics, a parallel health infrastructure was created in the 1990s.

PIH continues to work with and support the institutions identified by the population of Chiapas. Recently, however, it is trying a new strategy of collaborating with the Ministry of Health to create an affiliate that complements the local organization's focus on healthcare. While the experience in Chiapas underscores the need to listen to the poor, it also highlights the fact that the needs and preferences of marginalized communities may change over time, and it is therefore important to reassess possible solutions along this continuum.

2. Fund public institutions to do their job

How much of aid budgets designed to improve basic services goes through the systems of national and local public institutions?

Donors have agreed[20] that the systems of national and local institutions should be the default mechanism for channeling funds dedicated to support the public sector, based on the significant benefits that it brings. Some have taken active steps to increase funding channeled through the systems of local and national institutions. Of the 30 percent of its program funds that USAID has committed to channel directly to local institutions and organizations as part of USAID *Forward*'s reform agenda,[21] two thirds or 20 percent of the agency's program funds will be channeled through the systems of national and local institutions by FY2015 and no less than 14 percent by FY2013. At the same time, USAID will increase the number of countries receiving funds through their national and local systems to 18 by 2013 and to 25 by 2015, while actively working to expand the use of national systems to other countries as well.[22]

However implementing this consensus is one of the greatest challenges that donors face. Many other donors remain reluctant to take on the risks of investing a greater share of aid in these systems – particularly in states in fragile settings that pose perceived political, fiduciary or capacity risks – leading to limited investment.[23] In 2010 approximately 20 percent of aid from major bilateral and multilateral donors was disbursed using the systems of public institutions in these states,[24] including 8 percent as budget support.[25] While multilateral donors disbursed 35 percent through the systems of public institutions in these states, including 13 percent as budget support,[26] bilateral donors only disbursed 11 percent through these systems, including 4 percent as budget support.[27]

While the risks of investing in public institutions are much discussed, the harm caused by not doing so is often overlooked. By sidestepping public institutions, donors effectively perpetuate the weakness of the one stakeholder that is both accountable to a nation's people and responsible for its development. This is particularly so for aid dependent countries such as Haiti, where domestic resources are much smaller than those available externally, making aid essential to expanding access to services. Overall aid from bilateral and multilateral donors remains much greater than the Haitian government's own revenue, at approximately 130 percent of government internal revenue in 2009, and an estimated 400 percent of government internal revenue in 2010.[28] Delivering capital directly to a part of the state system, therefore, is a critical component of the role that aid can play in strengthening the public sector, especially in the poorest countries.

There are number of ways that donors can do this. The most effective way is to invest aid through the systems of public institutions – referred to as "country systems" – including those for procurement and financial management (the procedures for allocating and executing the budget and reporting on and auditing public expenditure).[29] Funding through country systems can either be channeled to the national treasury or to a separate account. Budget support is funding that is channeled through the national treasury and is thought to have the greatest impact on strengthening the public sector by promoting the efficient allocation of resources.[30] Other forms of financing, such as pooled funding and project financing, can also use country systems, but are channeled through separate accounts.[31]

Funding can be channeled directly from the donor to the government or via a third party or pooled fund, which reduces the fiduciary risk carried by the donor. Donors also have flexibility to negotiate

the specific conditions associated with their funding on a case-by-case basis and can, where necessary, introduce additional safeguards to manage political, fiduciary and capacity risks.[32] For example, a joint donor program in Liberia requires both national and international actors to sign off on critical, high-risk transactions, and a World Bank-administered multi-donor trust fund in the West Bank and Gaza employs independent monitors to scrutinize expenditures and procurement by national institutions and international contractors.[33]

Channeling aid through country systems, with appropriate technical assistance, strengthens them.[34] Surveys have found that, in a majority of cases, budget support:

- Strengthens the capacity of the finance ministry to manage the budget[35] and disburse funds on time, as well as the whole of government's participation in the budget process;[36] and
- Improves the national accounting capacity and the role of audit institutions in monitoring and reporting on expenditures.[37]

Furthermore, these gains increased with the share of funds channeled through country systems.[38]

Of equal if not more importance, channeling aid through country systems also increases the funding available for state institutions to expand access to essential services.[39] Major surveys[40], including one conducted by the United Kingdom's (UK) National Audit Office,[41] have found that:

- In 77 percent of cases[42] recipient governments increased pro poor spending; this was especially true in the health and education sectors, in which domestic spending doubled in one case over a two year time frame;[43]
- In 100 percent of cases where it was a priority, recipient governments expanded service provision;[44] and
- Recipient governments were twice as likely to report improved access to services than countries that did not receive budget support.[45]

Similar evaluation findings have also been reported by the World Bank.[46]

In addition, channeling aid to the government, as opposed to international companies and organizations, also has a "dramatically higher" local economic impact (through local procurement and salaries).[47] In Afghanistan, one study showed that funds channeled to the government (directly or through trust funds) have a local economic impact of approximately 70-80 percent, compared to 10-20 percent for funds channeled to international companies and organizations.[48]

Recognizing the benefits of channeling funds through country systems, and their ability to negotiate additional safeguards described above, donors are nonetheless wary of not being able to account for funds as a result of corruption or limited capacity. However, two major donor-led evaluations of budget support show that it is no more risky than "tightly controlled" donor projects.[49] This finding is consistent with reports by the UK's Department for International Development (DfID), which spent over £7 billion in aid (including £643.7 million in budget support[50]) and reported losses of less than 0.016 percent (£96,000) of its total spending each year.[51] Comparing this estimate to the financial statements of global non-government organizations (NGO) helps to put this figure in perspective. In many states in fragile settings these organizations are entrusted to provide basic services in settings considered to be too risky to channel aid through the public sector. Yet just as these organizations provide services, they also carry major operating costs that do not have a direct impact on the poor. For example, in 2010 one major international NGO spent over £40 million – or 20 percent of its annual expenditures – on fundraising alone.[52]

Data on the amount of budget support provided globally also shows there is no correlation between the quality of a country's systems and the amount of aid channeled through those systems.[53] The 2011 Survey on the Implementation of the Paris Declaration, for example, indicates that among the five countries that have an equally low rating of 2.5 for the quality of their public financial management systems (Guinea-Bissau, Liberia, Madagascar, Nepal and the Solomon Islands), there is tremendous fluctuation in the percentage of aid that uses their country systems. Nepal receives the most at 62 percent, followed by Liberia (42 percent), the Solomon Islands (35 percent), Guinea-Bissau (15 percent) and, finally, Madagascar (12 percent).[54] Thus political will on the part of donors goes a long way in determining the degree to which donors use national systems.[55]

3. Make job creation a benchmark of success, even in public sector oriented programs

Is the creation of local jobs used as a measurement for success in aid delivery?

As the main lifeline from poverty to prosperity, employment opportunities for the poor are a critical element of development programming. Most donors recognize that job creation is central to achieving the MDGs and broader development goals. Yet too often aid funding that is intended to strengthen the delivery of basic services and infrastructure is spent without sufficient consideration of how it can be used to create jobs for the community.[56] Donors can change this by making job creation a measure of success in programs that they fund, even in public sector oriented programs.

According to estimates from the International Labour Organization (ILO) the number of unemployed people globally jumped from 185 million in 2008 to over 210 million in 2009, and it continues to climb, having reached the highest level ever recorded.[57] In addition to the unemployed, the ILO estimates as many as 1.5 billion people – or half of the world's workers – have jobs in the vulnerable or informal sector and are counted among the working poor.[58] In Haiti, the World Bank estimates that over 55 percent of people live on less than $1.25 a day and 72 percent of people live on less than $2 a day.[59]

Secure, safe and well-paid jobs are important pathways out of poverty for the billions of poor men and women that struggle to survive. Jobs not only allow individuals and their families to subsist, but offer people a sense of dignity, self-worth and the ability to improve their wellbeing. Job creation also promotes the development of professional skills and stimulates local economies.[60] As workers earning a living wage spend money on local goods and services, the benefits of job creation extend from the household to the community and the national economy. According to ILO calculations, the value of each additional Euro invested in hiring workers in low-income countries is multiplied by 1.5 to 2.8.[61] Case studies conducted jointly by the ILO and donors showed that poor performance in poverty reduction in fast growing economies is often associated with low employment dynamics.[62] Increasing employment opportunities also helps generate the tax revenues governments need to expand access to the health, education and infrastructure services that will increase productivity and lead to growth that further benefits the poor.[63]

As a central source of employment, the private sector has a critical role to play in fighting poverty.[64] There are many ways in which donors can promote private sector development and create jobs for the poor and these strategies require a separate discussion. This paper explores how donors can promote job creation as part of their investment in the public sector. Two options available to donors, that are discussed below, include: local procurement – which infuses money into the local economy and boosts employment through small and medium enterprises; and investing in a strong

civil service – especially teachers and community health workers, who provide frontline services that are essential to the well-being of local populations.

Other options are available for donors to invest in job creation as part of their efforts to strengthen the public sector. Funding major public works or public environmental conservation programs, for example, can lead to massive job creation, particularly for low skilled workers.[65] Skills training – a popular intervention among donors – is another critical step towards employing the poor. However, training alone can do little to lower unemployment rates. According to impact evaluations, training programs that do tend to succeed are those that offer it along with other services, such as remedial education, job search assistance, and social services.[66] Thus, it is important that job creation efforts directly invest in salaries or other forms of support, and enable people to practice their skills by providing on the job opportunities for learning by doing.

4. Buy and hire locally

How do international aid organizations encourage local procurement? What percentage of funds is spent on goods and services inside the recipient country?

Between 2000 and 2010 aid jumped from $54 billion to $150 billion, at least half of which is targeted for the acquisition of goods and services.[67] In spite of the billions of dollars poured into procurement every year, however, its vast potential to reduce poverty and revitalize local economies remains untapped. By buying goods and services within the recipient country – either through direct procurement or procurement using national systems of government - donors can effectively spend aid dollars twice – once to obtain goods and services, and again to support local economies. Spending locally not only develops local markets, it also increases tax revenue, and stimulates entrepreneurship.

Over the past decade, many donor countries have made progress in altering aid policies that previously restricted – or tied – the procurement of goods and services to suppliers from their own country. However, in spite of a shift in policy toward untying aid – or loosening restrictions to buy outside of the donor country – most goods and services provided as part of international aid are still purchased outside of the beneficiary country. For instance:

- In a questionnaire on competitive contracts awarded in 2009 (contracts that were untied), donors reported that out of $8.64 billion awarded: 58 percent of funding was won by firms in donor countries; 38 percent was won by firms in developing countries (excluding least developed countries, or LDCs); and only 4 percent was won by firms in LDCs.[68]
- In 2009, 89 percent of the United States' untied aid contracts for LDCs and Highly Indebted Poor Countries were won by U.S. suppliers.[69]
- An analysis of post-earthquake contracts awarded by a bilateral donor to Haiti shows that by mid-2011, only 2.4 percent of funding was awarded to Haitian firms.[70]

These numbers highlight the realities of tied versus untied aid, suggesting that aid is less untied than it appears to be. Even when aid is officially untied, other barriers often restrict local businesses from winning procurement contracts. For example, most aid agencies have eligibility criteria, such as extensive experience, access to credit, or coverage through insurance services. Donors can help remove these barriers by assisting local businesses to gain access to credit and insurance, removing these requirements in certain circumstances, and by offering smaller contracts. An analysis of

contracts issued by the World Bank for its Haiti program in 2010 and 2011, for example, shows that local businesses have a much bigger chance of winning smaller aid contracts.[71] While Haitian firms won 40 percent of the number of contracts issued by the World Bank, they only won 20 percent of the total value of the contracts.[72]

The higher administrative costs of having to issue more contracts for lesser quantities, thus enabling small and medium enterprises to compete, is one barrier that prevents donors from buying locally. Yet, the savings in transportation and commodity prices still ensure that local procurement is cost-effective as is illustrated by the World Food Program's Purchase for Progress (P4P) program. A five-year pilot program launched in 2008, P4P recognizes the power of food aid to promote employment for the world's poorest farmers and broaden their access to domestic markets by training them in farming techniques, quality control and post-harvest handling. In 2010, purchases under P4P accounted for 14 percent of all the food bought in the 21 pilot countries, which resulted in savings of $22.6 million.[73]

The fact is that untied aid provides more value for every dollar. Estimates suggest that tied aid is 15 to 25 percent less cost effective in general, excluding food aid.[74] Other examples of savings include:

- A recent study showed that the cost of building a kilometer of road in Ghana or Viet Nam, for example, falls by 30 to 40 percent when it is built by a local company.[75]
- Following Typhoon Ketsana in the Philippines in 2009, the American Red Cross – with funding from USAID – more than doubled the number of emergency family kits it provided to affected communities by buying most of the goods locally.[76]
- The OECD found that when donors export food aid it costs 50 percent more than local food purchases and 33 percent more than food procured in third countries.[77]

A promising initiative known as the *Afghan First* policy illustrates the impact donors can have on job creation through local procurement. In 2006 the U.S. military developed an informal *Afghan First* approach to encourage local procurement of goods and services, and in 2009 the U.S. government instituted the *Afghan First* policy across all of its government agencies operating there, prompting other donors to do the same. With the support of an NGO called Peace Dividend Trust, which provides information and tools to bring together local businesses and international suppliers, local procurement by donors has channeled over $1 billion into the local economy and created or sustained 118,000 jobs across Afghanistan.[78] The research also shows that the 146 Afghan businesses awarded international contracts expanded their employee base on average by 323 percent, with one month of employment being created for every $600 spent by donors.[79] Furthermore, on average, businesses had 65 percent more employees after a contract ended than before it began.[80] In the first quarter of 2011 alone, local procurement employed an estimated 35,000 people for six-months.

5. Co-invest with governments to build a strong civil service

What percentage of aid budgets goes to workforce development, including civil servant salaries?

The progress of any country is linked to the strength of its civil service – including frontline service providers who have a direct impact on the health and welfare of the population. Yet donor practice has focused less on strengthening the civil service than on providing technical assistance or building infrastructure. Donors, however, are starting to recognize the critical human resource gaps that

weaken public institutions and restrict access to basic social services and now have the opportunity to invest with governments in creating a dynamic and motivated civil service.

The poorest countries have no hope of achieving the MDGs without significantly increasing their numbers of frontline service providers. The UN calculates that 10.3 million primary teachers are needed in all countries, and that between 2.6 and 3.5 million additional health workers are needed in 49 low income countries to meet the education and health related MDGs.[81] In order to ensure access to skilled birth attendants – which could prevent up to 3.6 million maternal, fetal and neonatal deaths each year – 350,000 additional skilled midwives are needed in 58 countries.[82] In Haiti alone the number of midwives needs to increase 10.5 times – from 165 to 1,740.[83]

In addition to the global shortage of frontline workers, there are other human resource problems, such as remuneration and management of civil servants, affecting the quantity and quality of services for the poor.[84] While donors have often sought to reduce or impose caps on civil service spending, a recent UN report calls for protecting frontline workers' salaries; its analyses shows that in 10 out of 23 countries studied, the salaries of teachers and nurses are below gross domestic product per capita or just above that level.[85]

Low pay is frequently cited as a factor in teacher absenteeism, and limited opportunities for training or career development also influence motivation and performance. These factors not only impair the quality of services available to the poor, but they contribute to the brain drain both within countries (to private companies and international organizations) and abroad.[86] The brain drain of public servants to international organizations – which undermines national capacities and efforts to retain talent – was one of the most commonly cited challenges in the most recent OECD survey in states in fragile settings.[87] The survey found that the divide between what international organizations can pay and the salaries offered by the public sector in developing countries render futile any efforts to attract and maintain a strong civil service. In Haiti, for example, highly skilled public sector workers are paid on average 40 percent less than private sector workers.[88]

Historically, donors have sought to strengthen the public sector through technical assistance – an option that can prove costly and not always effective. According to the *2011 World Development Report*, a quarter of aid in Afghanistan targeting government capacity was spent on technical assistance, which has largely been ineffective.[89] Furthermore, the total cost of each full-time expatriate consultant working in private consulting companies is in the region of $250,000 per year, with a significant number costing up to half a million dollars. This is about 200 times the average annual salary of an Afghan civil servant, who is paid less than $1,000.[90] Likewise in Cambodia, ActionAid found that in 2002, 700 international advisors cost $50-70 million – almost as much as the wage bill of Cambodia's entire 160,000 member civil service.[91]

Donors also prefer to fund – and create incentives that encourage recipient governments to fund – initiatives that will reap timely, quantifiable results – such as building clinics or schools. Increasing the number of clinics, or schools however, has little impact on the health or education of the population if there are not enough health workers or teachers to provide services. Evaluations show that weak human resource capacity – a result of staff shortages and low pay and motivation – were among the most critical factors contributing to poor quality and equity of services delivered by the public sector. For example, the number of community health centers in Mali increased by one third between 2002 and 2009, yet the country still struggles with a shortage of medical professionals, with just .08 doctors for every 1000 people.[92]

Addressing these human resource problems calls for civil service reforms. For example, Rwanda's focus on strengthening its civil service – and the international assistance it received to do so – has played a critical role in that country's recovery following the 1994 genocide. The Government of Rwanda launched a comprehensive capacity development program with $20 million in financing from the World Bank. Designed to ensure quality and equitable service delivery, the project carried out a nation-wide audit to map existing skills and identify gaps, and implemented new salary scales based on job classifications, equity and motivation to attract and retain qualified civil servants.

Donors can also support these processes through making financing available for salaries, while ensuring that the necessary safeguards are in place through predictable forms of financing that use country systems or through other instruments.[93] This enables governments to retain the top civil servants and improve service delivery by hiring increased numbers of frontline civil servants. The American Red Cross' (ARC), which raised $486 million in private funding following the earthquake, did so through its support of Haiti's General Hospital.[94] The ARC agreed to spend $3.8 million in performance-based salary support to pay the employees of the hospital and helped to create the necessary systems to monitor performance.[95]

6. Work with governments to provide cash to the poorest

How much of aid budgets goes to direct cash transfers for vulnerable citizens?

Cash transfers are considered to be one of the most effective ways of helping the most vulnerable cope with the deprivations of poverty. Just as social assistance is given to poor people in developed countries (on average, about 8 percent of GDP of OECD countries[96]), donors are attaching increasing importance to cash transfers, doubling the amount of aid dedicated to social assistance, including cash transfers, between 2006 and 2010 to $2.6 billion.[97] However, this figure still amounts to less than 2 percent of total aid.[98] In many countries that are yet to establish permanent social safety net programs, donors can support governments to design, establish and sustain equitable cash transfer initiatives.

Cash transfers involve giving money directly to the poor, who are best placed to make decisions about how to use their own resources.[99] In Haiti, which has no permanent cash transfer program, studies on remittances – comparable to cash transfers – report that families spend over three- quarters of the funds they receive on basics, such as food, utilities and clothing.[100]

There is increasing data in support of cash transfers, leading a recent review to conclude that there is "convincing evidence" that "cash transfers can reduce inequality and the depth or severity of poverty."[101] A study conducted in northern Uganda provided 900 women living below the poverty line with $150 and five days of business training. A year after the intervention, their monthly cash earnings doubled, cash savings tripled, and short-term expenditures and durable assets increased 30 to 50 percent relative to the control group.[102] Through much needed income support, cash transfers also enable people to access health and education services.[103] A cash transfer feasibility study in Haiti interviewed potential beneficiaries, who reported that they most needed money or work in order to send their children to school.[104] In southern Africa, where the impact of HIV has left many children under the care of relatives, cash transfer programs have supported them to live in the care of their family and remain in school.[105]

Cash transfers have also been shown to stimulate household wealth and demand within the local economy.[106] For example, a cash transfer program in Zambia increased the ownership of goats from 8.5 percent of households to 41.7 percent;[107] and in Bangladesh, cash transfers awarded through a DfID funded program increased the value of household-owned livestock assets by approximately 12 times.[108] Various studies show that these programs benefit not only the recipient households, but also infuse cash into local economies. A study of a cash transfer program in Malawi showed that for every $1 made as a transfer, a regional multiplier of 2.02 to 2.45 was observed in the local economy, benefiting traders, suppliers, services and other non-recipients within the community and beyond.[109] And a DfID funded program in Zambia showed that cash transfer recipients in three pilot districts had increased their spending on consumption by at least 50 percent.

Cash transfers provide a tool through which governments and donors can directly support the poor.[110] By funding government led cash transfer programs, donors also help to reinforce the social contract between the state and its most marginalized citizens - a goal of many development programs. Furthermore, new information and communications technology, such as smart cards, biometric identity recognition and cell-phone/SMS transfers, make cash transfer programs easier for governments and donors to implement. These new technologies circumvent operational challenges of implementing cash transfers; they not only minimize fiduciary risks,[111] but also enable care professionals to focus less on distributing cash transfers and more on providing quality services.

7. Support regulation of international non-state service providers

How much of aid directed to service provision goes to grantees or contractors that are not regulated by any arm of the recipient country?

In any given developing country there are hundreds (if not thousands) of operating NGOs; in Haiti alone, for example, the government estimates that as many as 10,000 NGOs were operating there following the January 2010 earthquake[112], most of them acting as non-state service providers (NSPs). To ensure that this influx of goodwill is put to good use, donors can help governments implement systems that allow them to regulate the full spectrum of service providers.

When NSPs work outside the regulatory loop of governments, they run the risk of being duplicative, inequitable and unaccountable to the communities that they serve; even the best intended NSP can have minimal or even negative impact. No partner is in a better position to act as steward of the resources and services that NSPs offer than an elected government. By guiding investments, setting standards and eliminating overlap, government regulation can lead to more efficient service delivery.

Not only are governments best placed to serve in this capacity, they have an obligation to regulate all NSPs providing essential services – such as providing food, water, healthcare, and education – that impact directly on the human rights of their citizens, just as governments in developed countries regulate equivalent service providers. Therefore, when donors give money to NSPs that are not accountable to citizens or subject to the regulatory power of the state, they are bypassing crucial democratic and human rights guarantees. This is particularly so where NSP budgets – and thus their potential influence over service provision - are greater than those of the state. In Haiti, for instance, a leading NSP raised over $138 million in private funding following the earthquake – approximately three times the amount allocated for the 2010 fiscal year to its counterpart ministry.[113]

Donors can support governments to establish or strengthen regulatory bodies with appropriate processes for registering and regulating all NSPs, including non-profit and for-profit organizations, and both local, national or international. Such processes may differ from those related to civil society organizations, which require a different approach to regulation than NSPs.

In addition to supporting national and local governments in their regulatory role, donors can also ensure that their grantees and contractors align their work with the government's priorities. In situations where the state cannot fund services directly, and therefore lacks a direct contractual relationship with service providers, donor efforts to facilitate transparent, mutually beneficial relationships between non-state providers and the government are crucial for the equitable delivery of basic services on a national scale.[114]

With its per capita income quadrupling in the past decade, Rwanda provides a useful example of a successful development strategy. A key component of this strategy is the strong regulatory framework that coordinates all non-state providers operating in the country. This increase in regulation has improved the efficiency of service delivery; for instance, the government's streamlining of multiple procurement systems significantly contributed to the cost decrease and improved inventory management of HIV treatments.[115]

8. Apply evidence-based standards of care that offer the best outcomes

When investing in basic social services for the poor, do development programs apply evidence-based standards of care?

If evidence-based standards exist that can impact people's lives, these standards should not be disregarded because of short-term cost. Applying a separate standard of care in resource-poor settings is not only ineffective, it is inefficient and, in the long-term, more costly.

The response to the HIV epidemic in sub-Saharan Africa – where the initial focus was prevention, rather than treatment – best illustrates this point. Even though antiretroviral drugs (ARVs) were available to treat people living with HIV in industrialized countries, there was general acceptance that these drugs were too expensive to treat patients in poor ones. In addition, leaders in global health policy believed that patients in poor settings would not be able to adhere to ARV treatment protocols, resulting not only in a waste of money, but in a dangerous build-up of anti-drug resistance.

But PIH challenged this belief, raising money to buy ARVs to treat patients in sub-Saharan Africa, where adherence rates ended up being higher than in poor urban settings in the U.S.[116] Opening up this vast market also paved the way to negotiate with drug companies and bring down the cost of ARVs exponentially, making treatment that much more accessible in poor settings. As part of its HIV-prevention work in Haiti, PIH introduced ARVs to their prenatal clinic and noticed a sharp increase in the amount of women seeking free voluntary counseling and testing during pregnancy, from 15 to 20 percent to over 90 percent.[117]

Along with providing ARVs as a global standard to patients, PIH's efforts to ensure that patients with HIV and tuberculosis (TB) have housing and nutritional support is the cornerstone of its comprehensive approach to disease treatment. By providing patients with the appropriate

medications, nutrition and shelter they need to heal, PIH has decreased the emergence of resistant strains of TB and HIV, which are more costly to treat. The cost of treating multi-drug resistant TB can be as high as $10,000 per patient, compared to less than $100 per patient for standard TB.[118]

Thus, while applying evidence-based strategies requires more resources initially, yet the seemingly higher burden of implementing these standards of care over time is both cost-effective and efficient. Investing in disaster risk reduction (DRR) further illustrates this point. Adhering to strict building codes, environmental practices and other forms of prevention may require greater assistance early on, but it can prevent much greater damage and loss of life. The United States Federal Emergency Management Agency, for example, states that every US$ 1 invested in prevention saves between US$4-7 in recovery.[119] This figure is echoed by UNDP's Bureau of Crisis Prevention and Recovery, which estimates that every one dollar invested in disaster prevention can save seven dollars' worth of disaster-related economic losses. This grows increasingly important as the economic losses from global disasters continue to rise, from $75.5 billion in the 1960s to $659.9 billion in the 1990s and $960 billion by 2009.[120]

More importantly, DRR also saves lives. The comparison between Haiti and Chile's earthquakes in 2010 underscores this point. Chile's 8.8 magnitude earthquake was more powerful than the 7.0 earthquake that ripped through Port-au-Prince. But while in Chile structures were built according to strict codes, Haiti had no building codes in place at the time.[121] As a result, the loss of life in Chile was in the hundreds, while in Haiti it was in the hundreds of thousands.

There are no strict formulas to applying evidence-based standards in resource-poor settings. However, any barriers to implementing them must be weighed against the long-term consequences of setting aside these standards to achieve short-term solutions. Creating the willingness and capacity to reach evidence-based standards of service delivery, enables communities to gain the knowledge, infrastructure and networks needed to provide services for all in a sustainable manner.

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[1] Estimates of the Office of the Special Envoy for Haiti (OSE) based on the Organization for Economic Co-operation and Development's (OECD) Creditor Reporting Scheme (CRS) available at: http://stats.oecd.org/index.aspx?DataSetCode=CRS1. In 2010, the OECD's CRS recorded over $146.6 billion in gross disbursements of official development assistance from bilateral donors who are OECD members and major multilateral donors; this does not include aid from: (a) bilateral donors that are not OECD members, such as China and Brazil; and (b) private organizations. Thus the total amount is presumed to be over $150 billion.

[2] Estimates of the OSE based on the data in the OECD CRS and the OECD 2011 Survey on Monitoring the Paris Declaration dataset, available at: http://stats.oecd.org/Index.aspx?DataSetCode=SURVEYDATA. In 2010, donors gave an estimated $79.4 billion in total aid to the 78 countries included in the Paris Declaration Survey, of which $62.4 billion (79 percent) was in support of the government sector. The Paris Declaration Survey defines aid in support of the government sector as: "ODA disbursed in the context of an agreement with administrations (ministries, departments, agencies or municipalities) authorized to receive revenue or undertake expenditures on behalf of central government. This includes works, goods or services delegated or subcontracted by these administrations to other entities such as: Non-Governmental Organizations; semi-autonomous government agencies (e.g. parastatals), or private companies." See OECD, *2011 Survey on Monitoring the Paris Declaration: Survey Guidance* (DAC, Paris, 2011). Available at: www.oecd.org/dataoecd/24/28/46138662.pdf

[3] Estimates of the Office of the United Nations' Special Envoy for Haiti (OSE) based on the Republic of Haiti, *Decret Etablissant le Budget Rectificatif de L'exercice 2009 - 2010* (Ministere de L'economie et des Finances, Port-au-Prince, 2010).

[4] These estimates are based on the OSE's data collection as part of its efforts to track the fulfillment of pledges made by bilateral and multilateral donors at the New York donors' conference in March 2010. For more information refer to data on humanitarian funding, "Humanitarian grants for the earthquake response from public sector donors" and

"Humanitarian pledges and recipients for the cholera response from public sector donors," available from www.haitispecialenvoy.org/relief-and-recovery/international-assistance/

[5] Estimates of the OSE based on the data in the Office of the Coordination of Humanitarian Affairs' Financial Tracking Service. The initial Haiti earthquake appeal included the funding needs of UN agencies and international NGOs only; no Haitian NGOs were included in the first version of the appeal. Approximately 10 Haitian NGOs were included in later versions of the appeal, requesting a total of $9.3 million (1% of the $1.50 billion requested).

[6] OSE, Op. cit. 4. For more information, refer to data on recovery funding, "New York conference recovery pledge status and modalities" and "Other recovery funds from public sector donors," available from: www.haitispecialenvoy.org/relief-and-recovery/international-assistance/

[7] Estimates of the OSE based on data available from procurement information systems of major donors.

[8] OECD, *International Engagement in Fragile States: Can't We Do Better* (DAC, Paris, 2011), p.11. Available at: www.oecd.org/document/53/0,3746,en_2649_33693550_48696949_1_1_1_1,00.html. Based on the 24 countries that are members of the OECD's Development Assistance Committee (DAC).

[9] Estimates of the OSE based on the OECD CRS and the OECD 2011 Survey on Monitoring the Paris Declaration dataset. In 2010, OECD DAC bilateral donors and multilateral donors disbursed $43.3 billion to 29 states in fragile settings of which approximately $8.8 billion (20 percent) was disbursed through the financial and procurement systems of public institutions. In 2010, OECD DAC bilateral donors disbursed $26.2 billion to 29 states in fragile settings, of which approximately $2.8 billion (11 percent) was disbursed through the financial and procurement systems of public institutions. The 29 countries included in this analysis are: Afghanistan, Burundi, Cameroon, Central African Rep., Chad, Comoros, Congo, Dem. Rep., Ethiopia, Gambia, Guinea-Bissau, Haiti, Kenya, Liberia, Nepal, Niger, Nigeria, Pakistan, Papua New Guinea, Rwanda, Sao Tome & Principe, Sierra Leone, Solomon Islands, Sudan, Tajikistan, Timor-Leste, Togo, Tonga, Uganda, West Bank & Gaza Strip. These 29 countries were selected using two criteria: (a) countries included in the OECD's list of states in fragile settings (www.oecd.org/dataoecd/51/48/46043478.pdf), which consolidates those compiled by the Brookings Institute, the World Bank and Carleton University; and (b) countries included in the OECD's 2011 Survey on Monitoring the Paris Declaration.

[10] Peace Dividend Trust (PDT), *Spending the Development Dollar Twice: the Local Economic Impact of Procurement in Afghanistan* (New York, 2009), p 1. Available at: www.peacedividendtrust.org/en/Spending_the_Development_Dollar_Twice.html. PDT found that international organizations had a local economic impact of 10-20 percent, whereas the Government of Afghanistan had a local economic impact of 70-80 percent. "Local economic impact" was defined as "the value of production undertaken by local workers and businesses, taking into account Keynesian multiplier effects" (p. 5). See also: Michael Carnahan, William Durch, and Scott Gilmore, *Economic Impact of Peacekeeping* (PDT, New York, 2006), p. 13. Available at: www.peacedividendtrust.org/en/data/files/download/pdfs/EIP_FINAL_Report_March20_2006doc.pdf. In this report PDT examined the economic impact of nine peacekeeping missions and found that in 88 percent of cases less than 10 percent of the peacekeeping budgets entered the local economy, and in 44 percent of cases less than 10 percent of the peacekeeping budgets entered the local economy.

[11] The World Bank, *World Development Report 2011: Conflict, Security and Development* (Washington D.C., 2011), p.1. Available at: http://wdr2011.worldbank.org/sites/default/files/pdfs/WDR2011_Full_Text.pdf

[12] For more information on USAID *Forward*'s reform agenda, see: http://forward.usaid.gov/about/overview and for the 2011-2015 policy framework, see: USAID. 'USAID Policy Framework 2011-2015'. (Washington D.C., 2011). Available at: http://www.usaid.gov/policy/USAID_PolicyFramework.PDF

[13] USAID *Forward*. 'Building Local Development Leadership: USAID's Operational and Procurement Improvement Plan' (2010), p. 6-8. Available at: http://forward.usaid.gov/sites/default/files/Building%20local%20development%20leadership%20PA.pdf. These targets do not include current USAID targets for channeling funds through the national systems of Pakistan and Afghanistan, which will receive a significantly higher proportion of direct funding and therefore distort the agency-wide targets for 2013 and 2015

[14] B Wood, J Betts, and others, 2011. *Evaluation of the Paris Declaration: Phase Two Final Report* (Copenhagen, 2011). Available at: www.oecd.org/dac/evaluationnetwork/pde

[15] The World Bank, *World Development Report 2000/2001: Attacking Poverty* (Washington, D.C., 2001) Available at: http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/0,,contentMDK:20194762~menuPK:336998~pagePK:148956~piPK:216618~theSitePK:336992~isCURL:Y~isCURL:Y,00.html

[16] United Nations, 'A Voice for the Voiceless (Youn Vwa Pou Pep La): An initiative to include the Haitian people's views for the 31 March 2010 Donor's Conference,' Port-au-Prince, 2010. Available at: http://reliefweb.int/sites/reliefweb.int/files/resources/F74FC62B3590027B492576F7001C9E1E-Full_Report.pdf

[17] Better Aid, "CSOs on the road to Busan: Key messages and proposals," (20 April 2011). Available at: www.betteraid.org/en/member-downloads/doc_download/275-csoasks.html

[18] Paul Farmer, Nicole Gastineau Campos, 'Partners: Discernment and Humanitarian Efforts in Settings of Violence,' *The Journal of Law, Medicine and Ethics*, 31 (2003): 506–515.
[19] PIH's partner in Chiapas, the Team for the Support of Community Health and Education, was established in 1985 by a small group of Mexican health promoters. They initially worked with Guatemalan refugee communities in the Chiapas border region, and later expanded their work to other marginalized people in Chiapas.
[20] OECD, "The Paris Declaration on Aid Effectiveness," Paris 2005. Available at: www.oecd.org/dataoecd/11/41/34428351.pdf; OECD, "The Accra Agenda for Action," Paris, 2008. Available at: www.oecd.org/dataoecd/11/41/34428351.pdf; and OECD, "Busan Partnership for Effective Development Cooperation" Paris, 2011. Available at: www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_-_FINAL_EN.pdf
[21] Op. cit. 12
[22] These targets do not include current USAID targets for channeling funds through the national systems of Pakistan and Afghanistan, which will receive a significantly higher proportion of direct funding and therefore distort the agency-wide targets for 2013 and 2015. See USAID 2010, Op. cit. 13, p. 6-8.
[23] For example, the OECD's 2011 Survey on Monitoring the Paris Declaration found that the commitment to increase investment in country systems had not been met. See: OECD, *Aid Effectiveness 2005-10: Progress in Implementing the Paris Declaration* (DAC, Paris, 2011), p. 117, 125. Available at: www.oecd.org/dataoecd/25/30/48742718.pdf. Note: the analysis of aid to country systems in this document may vary from that presented in the Paris Declaration Survey for three reasons. First, this analysis is based on total aid to a country, whereas the Paris Declaration Survey is based on "aid disbursed at country level" which excludes budget support and debt relief (see OECD Op. cit. 2). Second, this analysis averages the amount disbursed through public financial management and procurement systems, whereas the Paris Declaration Survey reports these figures separately. Third, this analysis is based on 29 states in fragile settings whereas the Paris Declaration Survey is based on data from 78 countries.
[24] OSE, *Op. cit.* 9
[25] Estimates of the OSE based on the OECD CRS. In 2010, OECD DAC bilateral donors and multilateral donors disbursed $43.3 billion to 29 states in fragile settings, of which approximately $3.3 billion (8 percent) was disbursed as budget support. See above (note 9) for a list of these 29 states and an explanation of the basis for the selection.
[26] Estimates of the OSE based on the OECD CRS and the OECD 2011 Survey on Monitoring the Paris Declaration dataset. In 2010, multilateral donors disbursed $17.1 billion to 29 states in fragile settings, of which approximately $6.0 billion (35 percent) was disbursed through the financial and procurement systems of public institutions, including $2.2 billion (13 percent) as general and sector budget support. See above (note 9) for a list of these 29 states and an explanation of the basis for the selection.
[27] Estimates of the OSE based on the OECD CRS and the OECD 2011 Survey on Monitoring the Paris Declaration dataset. In 2010, OECD DAC bilateral donors disbursed $26.2 billion to 29 states in fragile settings, of which approximately $2.8 billion (11 percent) was disbursed through the financial and procurement systems of public institutions, including $1.1 billion (4 percent) as general and sector budget support. See above (note 9) for a list of these 29 states and an explanation of the basis for the selection.
[28] OSE, *Has Aid Changed? Channelling assistance to Haiti before and after the earthquake* (New York, 2011), p. 15. Available at: www.haitispecialenvoy.org/download/Report_Center/has_aid_changed_en.pdf
[29] OECD 2005, *Op. cit.* 20. Refer paragraph 17: "Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring."
[30] Enzo Caputo, Andrew Lawson, and Martin van der Linde, *Methodology for Evaluations of Budget Support Operations at Country Level, Issue Paper. Report for the EC* (European Commission, Brussels, 2009) p. 14. Available at: www.worldbank.org/ieg/nonie/docs/issue_paper.pdf
[31] OECD, *Op. cit.* 2., p. 21
[32] Safeguards can reduce the efficiency gains made possible from channeling funds through country systems, in particular when they require governments to perform monitoring and reporting tasks in addition to their national systems. Not only does this increase the administrative burden placed on governments as well as the transaction costs of aid, there is also evidence that additional requirements tend not to be effective measures for ensuring government follow-up and compliance. Evidence suggests instead that political will remains the most important guarantee of the success of reform, suggesting that political risks are better managed through political dialogue and consensus-building. See Tim Williamson and Catherine Dom, *Sector Budget Support in Practice Synthesis Report* (Overseas Development Institute (ODI), London, 2010) p. 101. Available at: www.odi.org.uk/resources/download/4733-english.pdf and OECD, *Evaluation Conjointe des*

Opérations d'Aide Budgétaire au Mali, 2003-2009 (DAC, Paris, 2011a) p. 28. Available at: www.oecd.org/dataoecd/30/46/48670047.pdf

[33] World Bank, *Op. cit.* 11, p. 202.

[34] For a discussion of technical assistance, see the joint evaluations of budget support, commissioned by 24 multilateral and bilateral agencies and 7 partner governments: International Development Department (IDD) and Associates, *Joint Evaluation of General Budget Support, 1994-2004: Synthesis Report* (Birmingham, 2006) p. 37. Available at: www.oecd.org/document/51/0,3746,en_21571361_34047972_36556979_1_1_1_1,00.html.
See also: UK National Audit Office (NAO) 2008. 'Providing Budget Support to Developing Countries', London, p. 16. Available at: www.nao.org.uk/publications/0708/providing_budget_support_to_de.aspx. The NAO explains how DfID combines targeted technical assistance with budget support to achieve best results.

[35] IDD and Associates 2006, *Op. cit.* 34, p. 54-5. Overall improvements to the management of the budget process were made in Uganda, Burkina Faso, Mozambique, Rwanda and Vietnam, but not Malawi and Nicaragua.
See also: Tim Williamson and Catherine Dom, *Making sector budget support work for service delivery: good practice recommendations* (ODI, London, 2010), p. 92. Available at: www.odi.org.uk/resources/details.asp?id=4610&title=sector-budget-support-good-practice

[36] Tim Williamson and Catherine Dom, *Op. cit.* 32, p. 78; OECD *Op. cit.* 32, p. 25-26; and IDD and Associates, *Op. cit.* 34, p. 54-5.

[37] Andrew Lawson, David Booth, Meleki Msuya and others, *Does General Budget Support Work? Evidence from Tanzania* (ODI, London, 2005), p. 6. Available at: www.worldbank.org/ieg/nonie/docs/TanzaniaGBS.pdf; IDD and Associates, *Op. cit.* 34, p. 56; OECD *Op. cit.* 32, p. 25-26; OECD '*Between high expectations and reality: An evaluation of budget support in Zambia* (DAC, Paris, 2011) p.113. Available at: www.oecd.org/dataoecd/25/31/49210553.pdf;
Williamson and Dom, *Op. cit.* 32, p. 95; and The World Bank, *Poverty Reduction Support Credits: an Evaluation of World Bank Support*, (Washington D.C., 2011) p. 65. Available at: siteresources.worldbank.org/INTPRSC/Resources/prsc_eval.pdf.
For example, in Uganda, by focusing attention on national reporting systems, donors helped bring about the following: increase the number of professionally qualified accountants in local governments from 0 in 1998 to 41 in 2007 and the number of qualified accounts technicians from 3 in 1998 to 391 in 2007; increase the number of local governments that completed final accounts from 10 in 1998 to 95 percent in 2007; and achieve the top score in annual assessments of bookkeeping in 83 percent of districts (Williamson and Dom 2010, p. 95).

[38] Lawson and others, *Op. cit.* 37, p. 6; IDD and Associates, *Op. cit.* 34, p. 47-49; OECD, *Op. cit.* 32, p. 100; and OECD, *Op. cit.* 37, p. 86.

[39] Caputo and others, *Op. cit.* 30; and Wood et al, *Op. cit.* 14

[40] IDD and Associates *Op. cit.* 34; Lawson and others, *Op. cit.* 37; OECD, *Op. cit.* 32; OECD, *Evaluation des opérations d'aide budgétaire de la Commission Européenne à la Tunisie entre 1996 et 2008* (DAC, Paris, 2011). Available at: www.oecd.org/dataoecd/57/2/48071332.pdf; OECD, *Op. cit.* 37; Tony Killick, and Andrew Lawson, *Budget support to Ghana: A risk worth taking?* (ODI, London, 2007). Available at: www.odi.org.uk/resources/download/189.pdf; and Williamson and Dom *Op. cit.* 32.

[41] NAO *Op. cit.* 34

[42] The 77 percent equates to 17 out of 22 cases from the following studies:

- nine out of ten case studies surveyed by Williamson and Dom, *Op. cit.* 32;
- four out of seven cases surveyed by IDD and Associates, *Op. cit.* 34;
- one out of one case surveyed by Killick and Lawson, *Op. cit.* 40, Lawson and others, *Op. cit.* 37, OECD, *Op. cit.* 32, OECD, *Op. cit.* 37,
- and zero out of one case surveyed by OECD, *Op. cit.* 40.

[43] According to the UK's National Audit Office, pro-poor spending in Ethiopia doubled, in absolute terms, between 2004 and 2006 and, over five years, increased from 41.9 per cent to 60.9 per cent of the total budget (NAO, *Op. cit.* 34, p. 12). In Tanzania, pro-poor spending doubled over four years (Lawson and others, *Op. cit.* 36).

[44] Williamson and Dom, *Op. cit.* 32; IDD and Associates; *Op. cit.* 34; Killick and Lawson; *Op. cit.* 40, Lawson and others, *Op. cit.* 37; OECD, *Op. cit.* 32; OECD, *Op. cit.* 37; and OECD, *Op. cit.* 40.

[45] Based on the UK's National Audit Office's survey of DFID country offices. In 2008, DFID was providing budget support to 13 countries. See NAO, *Op. cit.* 34, p. 9, 13

[46] The World Bank, *Op. cit.* 37

[47] PDT, *Op. cit.* 10

[48] Ibid.

[49] Wood and others, *Op. cit.* 14. See also: International Development Department and Associates, *Op. cit.* 34; and Williamson and Dom 2010, *Op. cit.* 32, on the ineffectiveness of external reporting and audit requirements for ensuring compliance and follow-up.
[50] Department for International Development (DfID) (UK), *Annual Report and Accounts 2010-11. Volume I: Annual Report* (London, 2011) p. 97. Available at: www.dfid.gov.uk/Documents/publications1/departmental-report/2011/Annual-report-2011-vol1.pdf
[51] House of Commons, Public Accounts Committee, *Fifty-Second Report: DfID Financial Management* (London, 2011) chapter 1, paragraph 8. Available at: www.publications.parliament.uk/pa/cm201012/cmselect/cmpubacc/1398/139802.htm
[52] Estimates of the OSE based on data available from audited annual financial statements of major non-government organizations.
[53] OECD *Op. cit.* 23, p. 50.
[54] Ibid.
[55] World Bank and African Development Bank, *Providing Budget Aid In Situations Of Fragility: A World Bank - African Development Bank Common Approach Paper*, (2011). Available at: www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/CAP%20Budget%20Aid%20in%20Fragile%20Situations%20English.pdf. In contrast, Knack and Eubank find "empirical evidence supporting the proposition that use of country systems is strongly related to their quality", however they also find that a donor's use in country systems depends on the views of their domestic constituents on whether aid is effective. See: Stephen Knack and Nicholas Eubank, *Aid and Trust in Country Systems* (World Bank, Washington, D.C. 2009). Available at: www-http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2009/07/20/000158349_20090720134118/Rendered/PDF/WPS5005.pdf.
[56] For example, of the top ten global donor development agencies, none make explicit reference to job creation as part of their priority areas. Of the main UN entities represented in Haiti, only UNDP and WFP have job creation as part of their mandates.
[57] International Labour Office (ILO), *Report of the Director General: Recovery and growth with decent work* (International Labour Conference, Geneva, 66th Session, 2010). Available at: www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_140738.pdf, p. 10
[58] ILO, *Global Employment Trends* (Geneva, 2011). Available at: www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_150440.pdf
[59] The World Bank, *Interim Strategy Note for the Republic of Haiti for CY2012* (Washington D.C., 2011) p. 30. Available at: www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/11/09/000333037_20111109003425/Rendered/PDF/651120ISN0P1010Official0Use0Only090.pdf
[60] ILO, Op. cit. 57
[61] ILO, *Employment-intensive investments: Can productivity indicators measure their economic impact?* (Geneva, 2003). Available at: www.ilo.org/public/english/employment/recon/eiip/download/bulletin/bulletin16.pdf
[62] Laura Delponte, *Review of Donors' Policies and Practices Related to Employment and Labour Markets*, (OECD DAC, Paris, 2009), in OECD, *Promoting Pro-Poor Growth: Employment* (OECD DAC, 2009). Available at: www.oecd.org/dataoecd/63/11/43514554.pdf
[63] OECD, *Promoting Private Investment for Development: The Role of ODA* (DAC, Paris, 2006). Available at: www.oecd.org/dataoecd/23/40/36566902.pdf
[64] Ibid.
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