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## **Aid Ministers Note Rise in Aid Volume and Push for Aid reform and New Approaches to Security-Development Linkages**

The annual meeting of the OECD's Development Assistance Committee brought together Aid Ministers and Agency Heads, the UNDP, the World Bank and the IMF, under the Chairmanship of Mr Richard Manning, Chair of the DAC.

Mr. Manning identified the highlights of the meeting:

### **Aid Volume Rising; More needed**

Aid volume has risen by a total of 11 percent over the last two years, after a decade of decline. But much more will be needed to achieve the UN Millennium Development Goals (MDGs) for 2015, including reducing the percentage of people in poverty by half, cutting child and maternal mortality, and enrolling all girls and boys in school. Existing donor pledges imply a further rise in ODA of some 25 percent by 2006, but there is no room for complacency.

### **Aid Reform Pushed Forward**

The Ministers reiterated their support for the collective effort, launched at the Rome Forum in February 2003, to boost the effectiveness of aid through reforms to simplify and harmonise the aid practices of bilateral and multilateral agencies and the special global funds. The key objective is to stop wasting time and money on a multiplicity of separate donor efforts, missions and reports.

Recent aid reform in Bangladesh shows the way forward. In the past, 13 donors had 27 projects for primary education, disbursed through 33 special accounts. Last year donors forged a single sector-wide approach, aligned with the Bangladeshi government's poverty reduction strategy, with common financial arrangements, joint missions and only three accounts.

Ministers and Agency Heads committed to ensuring that their agencies implemented the action plans developed, together with developing country action plans, on the basis of the Rome agenda. They agreed that a further phase of reform should be proposed for adoption at a Paris Forum, in early 2005.

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### **A new approach to security and development linkages**

The High Level Meeting adopted a policy statement on Security System Reform, which guides donor efforts to help developing countries address one of the primary causes of poverty – violent conflict and widespread public insecurity and fear. The key principle is to treat security systems overall, including the functioning of police and justice systems, civilian control of the armed forces and protection of human rights. This involves a whole-of-government approach, both in the partner country and on the donor side, in a coherent framework engaging civilian departments, the police, and the armed forces. This approach is proving successful in the Solomon Islands.

The HLM agreed to adjust and clarify ODA definitions relating to preventing recruitment of child soldiers enhancing civil society's role in the security system; and civilian oversight and democratic control of security expenditure. Other ODA definition issues in these areas will be studied further and proposals prepared for 2005 HLM.

### **Economic Growth is needed to help achieve the MDGs**

The dynamic growth in East and South Asia has raised more people out of poverty than at any other time in history. But many developing countries around the world are not generating the economic growth needed to reduce poverty decisively and meet the MDGs. This is a complex and challenging problem and very country specific. The High Level Meeting agreed to give renewed priority to helping these countries launch a dynamic growth process. This means making broad-based growth the central goal of poverty reduction strategies; promoting synergies between the private sector, agriculture and infrastructure, including information technology and helping with financial sector development that reaches the poor. The critical role of trade in the growth process was stressed and the High Level Meeting emphasized the importance of fulfilling the objectives of the Doha Development Round.

### **New understanding on counting ODA for Clean Development Mechanism projects**

The High Level meeting defined a new reporting rule that would ensure consistent reporting in ODA statistics of aid provided by members to finance projects under the Clean Development Mechanism. The new rule requires that the value of any carbon credits acquired by donors should be deducted from ODA.