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MID-TERM REVIEWS : LESSONS FROM THE 2009 PILOT AND NEXT STEPS

DAC Meeting, 30 March 2010

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PEER REVIEW METHODOLOGY MEETING - 30 MARCH 2010

MID-TERM REVIEWS – LESSONS FROM THE 2009 PILOT AND WAYS FORWARD

1. Purpose

1. Mid-term reviews have been conducted at the request of DAC members on a voluntary basis since 2003. At the peer review methodology meeting of 24 January 2008, the DAC decided to initiate a more systematic use of mid-course follow-up against recommendations from peer reviews. Guidance for this process was approved at the peer review methodology meeting of 16 October 2008. The DAC also agreed to apply this guidance and pilot mid-term reviews in 2009 for the DAC members reviewed in 2007 on a voluntary basis. It was decided that the DAC would assess the results and benefits of this process in early 2010 before deciding how to proceed (DCD/ DAC(2008)18/FINAL).

2. Characteristics of and lessons from the pilot

2. As part of this pilot, Canada, Denmark, Finland and Spain, having been reviewed in 2007, volunteered to have a mid-term review in 2009. Prior to that, Belgium, the United Kingdom and the Netherlands also had a mid-term review on a voluntary basis in 2008-09. Characteristics of the process are described below, as well as some of the results and benefits. The latter will be complemented by direct feedback from reviewed members during the meeting.

2.1. *The mid-term review process*

3. The mid-term review process comprises three steps as follows:

- **Preparation:** Each member provided the Secretariat with a matrix and a brief narrative. While the matrix focuses on the peer review recommendations (actions planned/implemented and impact expected/actual), the narrative provides the DAC member with the opportunity to present developments since the last peer review and their impact on the aid programme.
- **Mid-term review:** Consisted of a one day visit to the DAC member's headquarters, led by the DAC Chair or a senior representative from the Secretariat, and accompanied by a member of the Secretariat entrusted with preparations with the reviewed member. As regards the agenda, the guidance recommended a flexible format of structured discussion around the status of individual DAC recommendations. The most frequent framework consisted of a common discussion at Ministerial or senior official level in the morning, focused on the broader developments since last review - some not directly related to peer review recommendations or observations - and split sessions in the afternoon allowing, on the one hand, the DAC Chair to address larger audiences (parliamentarians, NGOs, media) and, on the other, the Secretariat to deepen discussion with the Ministry/agency on technical aspects on implementing the peer review recommendations.
- **Follow-up:** The results of the review were shared subsequently with the DAC in the form of a three page letter from the Chair or the DCD Director. The structure of the letter is organised around i) the context and emerging issues; ii) achievements in implementing the recommendations; iii) on-going progress; and iv) challenges ahead. In addition, as was requested, the Secretariat has built on the mid-term reviews to prepare an annual report on progress made by

members in implementing the recommendations and to analyse impact. This was presented in the Development Cooperation Report 2010 (Box 1).

Box 1. Findings from the 2009 pilot mid-term reviews (Extract from DCR 2010, Box 8.7)

Mid-term reviews have been conducted at the request of DAC members on a voluntary basis since 2003. They are being piloted until the end of 2009, at which point the DAC will decide whether they should become a more regular process. As part of this pilot, **Canada, Denmark, Finland, Spain** and the **Netherlands** volunteered to have a mid-term review in 2009.

While the purpose of these mid-term reviews is to focus on the implementation of the DAC recommendations, they also offer opportunities to discuss the international and national developments since the last peer review and their impact on the aid programme. One major issue has been the global economic crisis and its severe impact on developing countries. The reviewed members have made commendable efforts to maintain their aid budgets despite pressure to diminish public spending. They set a good example for other donors to stick to their ODA commitments. **Spain, Denmark** and **Finland** plan to at least maintain the nominal level of their ODA volume in 2010; the **Netherlands'** objective is to keep its 0.8% ODA/GNI ratio; and **Canada** is on course to double its overall ODA by 2011 from 2001/02 levels. The economic crisis also calls for new efforts and approaches to help mitigate its impacts. The higher priority given to private sector-driven growth by **Denmark** and the **Netherlands** is welcome.

Overall, these reviews revealed a dynamic desire to adjust policies to the new international challenges, to make reforms and to look for innovation in each specific context. On the policy side, **Finland** and the **Netherlands** developed their new development policy priorities in 2007; **Canada's** parliament passed the *Official Development Assistance Accountability Act* in 2008; **Spain's** parliament adopted its *Third Master Plan (2009-2012)* that has validity beyond the Ministry of Foreign Affairs, and **Denmark** is starting to prepare a new overarching strategy for its development co-operation which should be made public in mid-2010. In terms of reforms, the **Netherlands** launched a modernisation agenda for Dutch development co-operation in November 2008, **Denmark** restructured its Ministry for Foreign Affairs (MFA) in early 2009, and **Spain** is currently considering a reform of its financial instruments to adapt to the needs of modern development co-operation. Encouraging more integrated approaches – in particular implementing whole-of-government approaches in fragile states and increasing the effectiveness of aid – are key features of new approaches developed by the five reviewed members. The reviews also illustrate how global public goods, especially security, climate change and energy, are being increasingly integrated into development co-operation policies and programmes.

All the members reviewed are progressing well with most of the DAC recommendations. They have a wealth of good practice and lessons to share with other donors. These include: **Denmark's** evaluation of the Ministry of Foreign Affairs' decentralisation exercise and the creation of an internal ombudsman to facilitate dialogue with local staff; **Finland's** reinforced approach to policy coherence for development, including a new requirement that all ministries report to parliament on their development activities, rather than only the MFA; **Canada's** whole of government approaches in fragile states; The **Netherlands'** streamlining of priority countries and sectors; and strong dialogue with new and non-traditional players in development co-operation to broaden the support base; and **Spain's** new multilateral strategy with a focus on four agencies, core funding, the use of existing performance assessment frameworks and – for the first time – a report to parliament on Spain's multilateral aid.

Members also want to exchange experiences. For instance, the **Netherlands** is eager to co-operate with other donors on methods to systematically monitor and track the impact of policy coherence for development. And **Finland** would be keen to learn from other donors who have experience in bringing a stronger economic focus into development co-operation.

Division of labour is high on the development co-operation agenda of the reviewed members. They are looking for further geographic and sector concentration. **Spain** intends to make geographic division of labour a key issue during its EU presidency in 2010. Some member states have reached good results in reducing the number of priority countries. Yet, implementing sector concentration in the field remains challenging for some of them. Other challenges faced by all the reviewed members to a certain extent include maintaining high public and political support for aid, with calls for reinforced efforts to communicate results; and maintaining the right staff skills mix and capacity levels despite cuts in full-time employees as part of general civil service cutbacks.

2.2. Results and benefits

4. The achievements of mid-term reviews are to be assessed against their objectives. These are:

- maintaining the pressure on implementing the recommendations;
- keeping the dialogue with the member country between two peer reviews and facilitating the next peer review;
- providing examples of impact of DAC PRs; and
- sharing how emerging issues are taken on board (e.g. financial crisis) and disseminating good practice on how to adjust to them.

5. As the box above illustrates, mid-term reviews proved to be useful to the DAC as a means to track changes, results and impact, and to share experiences with other members (including on emerging issues) more often than every four to five years. The Secretariat also finds that mid-term reviews are helpful in maintaining the dialogue with DAC members and allow for more depth/insight in the subsequent peer review. For instance, the UK mid-term review in November 2008 was instrumental to help prepare the UK peer review planned in April 2010, providing updated information on the challenges attached to its “doing more with less” agenda.

6. Reviewed DAC members have, according to their feedback¹, found that mid-term reviews have helped to take stock of, and bring momentum to their efforts to implement the recommendations. Mid-term reviews also afforded opportunities to address specific topics of interest for the reviewed member (e.g. the Paris declaration principles (Belgium) and ODA eligibility (Finland)). Finally, Spain found its mid-term review useful to promote the orientations of the development co-operation programme vis-à-vis the public opinion, political forces and civil society.

7. Benefits of mid-term reviews are also to be assessed against their associated costs. At the meeting in January 2008, several members expressed concerns over costs and staff time associated with undertaking a mid-term review. As regards costs (staff and funding), these are limited from a Secretariat point of view: they involve the equivalent of 6-9 days of policy analyst’s work plus the travel expenses. These can be covered in the available budget (current budget and PWB 2011-12). The process has also been kept as light as possible to minimise the burden on reviewed countries: it involves filling a matrix on the recommendations and drafting a brief narrative, preparing an agenda for the visit and allowing for one day of discussions with the reviewing team at headquarters. Views from four reviewed members on the work involved are presented in Annex A.

8. The meeting on 30 March 2010 will be an opportunity for each reviewed country to provide more detailed views on the results and benefits of its mid-term review as well as on the work and time involved in preparing it.

1. See Annex A on views from four reviewed countries on i) the results and benefits the mid-term review has brought to their development co-operation programme; and ii) the work involved in preparing it.

3. Ways to go forward

9. DAC peer reviews provide an important tool to maintain collective peer pressure to advance reform of the 24 members' development co-operation systems. The DAC reflection exercise and its follow-up has reaffirmed that peer reviews are central to the DAC's accountability function. As it stands now and given the budget available, with five reviews a year and 24 DAC members, each country will be reviewed every five years. Mid-term reviews, therefore, become ever more relevant, as they help to maintain pressure and provide learning opportunities between two reviews. The Secretariat therefore suggests pursuing mid-term reviews as a standard procedure applying to all DAC members.

10. With regard to the process, the Secretariat suggests keeping it as simple and flexible as possible. The proposal is as follows:

- The mid-term review takes place two to three years after the peer review in the form of a one day visit to the capital. The Secretariat plans the calendar for these mid-term reviews with the respective countries.
- The reviewed country prepares a matrix of maximum ten pages, summarizing the actions implemented or planned, and actual (or expected) impact against each recommendations of the preceding peer review, as well as a 4-5 page narrative to comment on any new developments affecting the development co-operation context, policy and system and outline new perspectives as appropriate. These are shared with the Secretariat two weeks before the visit. There are regarded as working papers and are not shared.
- The review team can be composed of the DAC Chair or his representative, for example a member of the Bureau, accompanied by the Secretariat, or - where appropriate - the Secretariat only.
- The agenda of the one-day visit includes a three-hour session focusing on the recommendations. Organisation of other meetings (including meetings outside the Ministry/Agency) is subject to a discussion with the Secretariat based on a proposal from the reviewed country. This would allow taking account of each specific context.
- The report will remain short. It is sent to the reviewed member for comments before it is shared with all DAC members. It may also be posted on the OECD website. The reviewed member can then make use of the report as it deems appropriate in its own context.
- The Secretariat will draw a synthesis report from these mid-term reviews on a regular basis.

Box 2. Questions

1. What are the views of the reviewed countries on: i) the purpose and benefits of the mid-term review; and ii) the work needed to prepare for the mid-term review?
2. Do DAC members agree that mid-term reviews should become a standard practice to follow up on peer reviews? Should they be on a voluntary or mandatory basis?
3. Is the process described in paragraph 10 appropriate? What adjustments could be made to ensure the process is as light as possible, while providing enough information?

ANNEX A

MID-TERM REVIEWS - FEEDBACK RECEIVED FROM REVIEWED MEMBERS

To prepare for the discussion at the 30 March 2010 meeting, countries having had a mid-term review in 2009 as part of the pilot exercise decided by the DAC in October 2008, or on a voluntary basis prior to this decision have been asked to provide their views on:

- the results and benefits the mid-term review has brought to their development co-operation programme;
- the work involved in preparing it.

Belgium, Denmark, Finland and Spain have provided the following feedback.

Belgium

1. Results and benefits

For Belgium this mid-term review was an excellent opportunity to take stock of the implementation status of the Paris Declaration principles half way between the Peer Reviews, and to get a structured overview of the areas of progress and the challenges ahead. This should allow to better focus in the further implementation of the Paris Declaration principles and in addressing the recommendations of the last Peer Review.

2. Work involved

As Belgium had requested on a voluntary basis to have this MTR, it was ready to put the necessary resources and time into the exercise and it understood that it was also to test the methodology of the exercise;

Time and resources spent: during the period from 28 March (the date that Belgium was informed about the date of the MTR (16 May) and the MTR on 16 May, 3 fulltime person-weeks for the preparation of the matrix and the narrative report.

There were four preparatory meetings each half-a-day that involved all Directorates of the DGDC. Two separate meetings were held with the actors of the Belgian Development cooperation (BTC for the government-to-government programme; indirect actors such as NGOs, universities, etc.) in order to inform them about the process.

Denmark

1. Results and benefits

A mid-term review of the 2007 Peer Review of Danish Development Policy was carried out in Copenhagen on 17 September 2009 headed by the DAC Chairman. Denmark is a strong supporter of the DAC Peer Review exercise, which allows donor countries to identify weak and strong points in their development policies and programmes and highly valued the opportunity provided by the Peer Review of Denmark in June 2007 carried out by Greece and Netherlands as examiners.

The mid-term review provided a useful opportunity to track progress and maintain momentum in implementing the recommendations of the 2007 Peer Review and to look forward to the next Peer Review of Denmark in 2011.

The flexible, informal and open format for discussions, both at policy and technical level, allowed also for discussions on broader issues on the development agenda.

2. Work involved

Clearly, some work went into preparing the matrix and the memorandum and quite a number of staff members were involved in the technical meetings, which is probably unavoidable. The work that went into preparing the matrix was useful in providing a corporate overview of the many initiatives and follow-up actions carried out to live up to Peer Review recommendations.

However, Denmark would recommend that last column in the matrix on impact be deleted so that the matrix only includes two columns, one listing the recommendations and one the status/progress in implementing them. Attempting to list and measure expected and actual impact of measures taken to follow up Peer Review recommendations is difficult if not impossible at the time of the mid-term review.

Finland

1. Results and benefits

Finland was very happy to participate in the newly established mid-term review process, as we strongly support a more systematic follow-up of recommendations from peer reviews.

Finland's 2007 Peer Review coincided with the release of our new Development Policy Programme. Since 2007, the MFA has focused on implementing the new policy. The **mid-term review was a valuable experience to take stock of the first two years of implementation and receive feedback, insights and practical recommendations in this regard.** Particularly fruitful, in Finland's view, was to assess and reflect progress against the dramatically different global context for development policy and cooperation as compared to the year 2007. The effects of the multiple crises, the growing challenges regarding global aid architecture as well as the recent internal restructuring of Finland's development cooperation administration made the review setting all the more interesting. The positive feedback received from the DAC delegation regarding ODA performance and allocation criteria, policy coherence for development as well as overall relevance of Finland's development policy was very encouraging. Finland shared the views of the delegation concerning challenges related to securing public support for development, enhancing aid effectiveness principles at country level and ensuring adequate levels and training of staff.

In addition to discussing national and international developments since the last peer review and their impact on the Finnish aid programme, the **mid-term review also provided a good occasion to touch upon the topical issue of ODA eligibility.** Finland is in the process of reviewing definitions of ODA eligible costs related to refugees. Finland expressed the need for the DAC to further clarify and harmonise the ODA reporting practices of DAC members and welcomed the broader DAC-initiative to review resources in support for development – a very topical issue for the whole development community. Finland expressed strong support to the work of the OECD/DAC to initiate and advance this discussion and, ultimately, to clarify and make more consistent the definition and reporting of ODA-flows. As a follow-up to these talks, Finland is assuming an active role in the WP-STAT to take this matter forward.

2. Work involved

Cooperation with the DAC was very good throughout the preparations for the mid-term review. After setting the date for the review at a fairly early stage, we **received a model template for the programme, based on which we started drafting the schedule.** To structure the discussions, Finland prepared a matrix listing the recommendations of the 2007 Peer Review, the actions taken by the MFA as well as the main and coordinating responsibilities for each task. Meetings inside the MFA were set up with the Minister for Foreign Trade and Development Paavo

Väyrynen, senior representatives of the Department for Development Policy, Regional and Policy Departments, middle management representatives of the Department for Development Policy and Administrative Services as well as representatives of long-term partner country teams. **Each session was assigned certain recommendations from the matrix to be covered in the discussions.**

In addition to meetings with MFA officials, the programme included **stakeholder meetings with** parliamentary and NGO representatives and the Development Policy Committee as well as a luncheon with private sector representatives hosted by Finland's Under-Secretary of State Mrs. Koukku-Ronde.

The **biggest challenge in the preparations was to fit all relevant meetings into the schedule** and find the right meeting set-ups to **cover all the recommendations of the 2007 Peer Review**. Despite the tight schedule, discussions were very good and managed to cover the most essential issues emerging from the recommendations. Perhaps for future mid-term reviews, it might be helpful to identify already in advance the most important recommendations to cover, allowing for a more loose schedule and enabling more in-depth discussions on key topics. However, this selection took place over the course of the meetings rather naturally, resulting in a very comprehensive and accurate review of Finland's development cooperation and policies in light of the 2007 Peer Review recommendations.

Finland **strongly supports continuing the mid-term reviews** as a permanent component of the peer review process. Mid-term reviews have great potential to systematise follow-up of peer review recommendations and therefore to increase the value-added of the review process as a whole. They also provide important opportunities for member states to exchange views with the DAC on key topics of the global development agenda.

Spain

1. Results and Benefits

For Spain, the MTR, that took place on the 29th October 2009, and that was done on a voluntary basis, has been an outstanding opportunity to assess how DAC recommendations of the last Peer Review (Nov. 2007) are being implemented and translated into political, strategic, methodological and operational outputs.

In fact, the MTR has taken place in a perfect time, as the 4 year "III Master Plan of the Spanish Cooperation" (2009-2012), that includes most of the recommendations and guidelines of the Peer Review, was approved in early 2009.

We very much welcome and value the comments by the DAC Chair in his letter, as they acknowledge in a very positive and encouraging way the progress and efforts made in the Spanish Cooperation in the last two years, and are a very strong support and endorsement of the III Master Plan, vis-à-vis to the public opinion, political forces and civil society. At the same time challenges and difficulties that still subsist in the Spanish cooperation system have been identified and efforts will be made to solve them before the next Peer Review.

2. Work involved

Two important documents were elaborated and sent to the Secretariat to prepare the mission to Madrid: Matrix and an explicative Report. Most of the experts from the General Directorate of Development Planning and Evaluation (DG POLDE) in the MFA, were involved in the elaboration of the documents, the coordination was done by a senior official and the Director General revised the final texts before they were sent to Paris.

There were preparatory sector meetings in the Ministry of Foreign Affairs and Cooperation with all the experts involved in the process.

All other actors involved in the exercise (civil society, parliamentarians, local authorities), were informed in advance of the process.

The mission in Madrid took place on the 29th October 2009. The DAC Chair, accompanied by two members of the Secretariat, had meetings on Policy priorities with the Secretary of State on Cooperation and with the Director of AECID (Spanish Agency of Cooperation for Development), technical meetings about organisation and management with senior officials and experts both from DGPOLDE and AECID, and consultations with different stakeholders (parliamentarians, local authorities, civil society).

The meetings were structured according with the recommendations of the Peer Review: 1-Strategic Orientations, 2-Policy Coherence, 3-Volume of ODA, 4-Aid Management and Aid Efficiency, and 5- Humanitarian Aid.