



**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

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Working Party on Aid Effectiveness and Donor Practices

Detailed Work Programme on tracking progress towards implementation of the Rome Declaration

**Task Team on Harmonisation and Alignment of Donor Practices
(Note by the Secretariat)**

This document is submitted FOR CONSIDERATION at the second meeting of the DAC Working Party on Aid Effectiveness and Donor Practices on 3-4 November 2003 (Item 3).

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DAC WP-EFF TASK TEAM ON HARMONISATION & ALIGNMENT OF DONOR PRACTICES

**DETAILED WORK PROGRAMME:
TRACKING PROGRESS TOWARDS IMPLEMENTATION
OF THE ROME DECLARATION**

I. BACKGROUND

1. The DAC Working Party on Aid Effectiveness established a Task Team with the mandate to facilitate, support and track progress on the harmonisation and alignment agenda as set out in the Rome Declaration. In doing so, the Task Team will promote partner country's leadership in co-ordinating the overall development assistance process, and encourage changes that enhance the effectiveness of aid delivery and improve development results, including achievement of the MDGs.
2. In pursuing this mandate, the Task Team has identified the following three main tasks:
 - Task A: Facilitate implementation of the Rome Declaration.
 - Task B: Track progress towards implementation of the Rome Declaration.
 - Task C: Enhance existing mechanisms for maintaining peer pressure.

II. PURPOSE

3. The purpose of this document is to describe the activities undertaken by the Task Team under Task B of its work programme. It includes the following set of activities:
 - **Task B₁: *Reporting on Progress to SLM and HLF*** — The Task Team will contribute to advancing the harmonisation agenda by elaborating a report that reviews and assesses progress made by the development community against the commitments set out in Rome. The report will be submitted in time for the DAC Senior Level Meeting in December 2004 and will be revised and updated for the second High-Level Forum on Harmonisation to be held in Paris in early 2005.
 - **Task B₂: *Framework of indicators*** — The Task Team will elaborate a field-tested proposal to measure progress towards implementation of the commitments set out in the Rome Declaration.
4. The present document describes in more detail the objectives, scope, methodology, deliverables and working modalities for these tasks.

III. TASK B₁: REPORTING TO SLM AND HLF

A. Objectives

5. The main objective of Task B₁ is to elaborate a report that reviews and assesses progress towards progressive implementation of the agreements reached at the Rome High-Level Forum¹. Demonstrating

¹ See Rome Declaration (RD) on Harmonisation, paragraph 9: “As part of their self-evaluation processes, bilateral and multilateral agencies and partner countries will assess and report on progress in applying good practices, and on the impact of such practices. Whenever possible, we will use existing mechanisms

progress on more effective aid delivery, in line with the Monterrey agreement, is also an important step towards enhancing the credibility and value of development assistance.

6. In pursuing this objective the report will do the following:
- Document the achievements and set backs made by the development community in implementing the Rome agreements.
 - Identify outstanding bottlenecks and suggest areas where progress on the harmonisation agenda should be made a priority.
 - Set out recommendations on how the development community might reform its policies, practices, and operational procedures so as to facilitate implementation of the agreements made at Rome.

B. Scope of the report

7. The report should seek to track progress against of all of the commitments set out in the Rome Declaration. In doing so, it will give special consideration to those commitments that the Task Team recognise are of strategic importance (see Table 1 in Appendix 1). The Rome Declaration sets out commitments at various operational levels: country, donor, regional and sub-regional etc. The following paragraphs describe key issues to be addressed at each of these levels:

- *Partner country level* — Progress made on the ground in programmes and projects is a fundamental measure of the success of the harmonisation efforts. The report will assess and document progress by the development community in applying the good practices at partner country level (RD §5.3). The report will examine the situation in a broad set of partner countries representing different geographic areas and levels of development. Special focus will, however, be given to the seventeen pilot countries identified in the Rome Declaration and the overlapping fourteen countries directly associated with the work of the Task Team.
- *Regional and sub-regional level* — The report will assess progress of implementing harmonised approaches at regional and sub-regional level (RD §5.9).
- *Individual donor level* — The report will examine progress made by donors of the Rome Declaration to review their procedures to facilitate and support harmonisation.
- *Coordinated activities* — Effective collaborative behaviour is a key component of the harmonisation agenda. The report will assess donors' ability to coordinate their activities and rely on each other in order to avoid unnecessary duplication of activities.

C. Main features of the report

8. The report should be easy to read and written with a broad audience in mind. Primary audience of the report should be officials of donor agencies and aid practitioners in partner countries. Secondary audience are members of civil society and other stakeholders with an interest in development assistance.

9. The approach adopted by the report will be pragmatic and results oriented, taking full account of experiences, both successes and failures, and of the range of different contexts in partner countries. The report will make good use of case studies, graphics and boxes. This might include, for example, the use of short narrative case studies illustrating the challenges donors and partner countries are confronted with when implementing harmonisation and how these have been addressed.

to develop such plans and to assess and report on progress, and we will make these plans available to the public.”

10. Finally, the report will offer a balanced approach to the challenges of harmonisation reflecting perspectives from both partner country and donor agencies.

D. Methodology for establishing the report

11. Donors agreed at Rome on a combination of initiatives that will both promote action on harmonisation and demonstrate that progress is actually being achieved. These initiatives are listed for information below:

- Country-based action plans on harmonisation (RD §9).
- Donors action plans on harmonisation and self-evaluations (RD §9).
- Peer review mechanisms (RD §10).
- Indicators of progress on harmonisation (RD §7).

12. The report will draw from these sources of information, and where appropriate from other sources including the Strategic Partnership with Africa (SPA) and other bilateral and multilateral initiatives.

E. Deliverables & timeframe

13. The main report should be relatively concise and will be prepared in time for the DAC SLM in December 2004. It will subsequently be revised and updated for the second High-Level Forum on Harmonisation (HLF II) scheduled to be held in the first quarter of 2005 in Paris. In addition to the main report an executive summary will be drafted for submission to the DAC SLM and updated for HLF II.

14. The following outputs will be produced by the indicated date:

- Inception report:February 2004.
- First full interim report:.....June 2004
- Final interim report:September 2004
- Main report and executive summary:.....November 2004
- Revised and updated final reports:February 2005

15. The inception report will contain the review of main tasks and a detailed work plan for the whole assignment. It will also include an outline describing the structure of the main report, methods for collecting information from the main sources of information (e.g. country level information, donor information) and modalities for revising and endorsing the reports by relevant stakeholders

F. Organisation of work

16. Work will be undertaken by a core team of interested members of the Task Team on Harmonisation and Alignment in close collaboration with the OECD Secretariat. Representation from a broad range of members (bilateral, multilateral and partner countries) will be required.

IV. TASK B₂: FRAMEWORK OF INDICATORS

A. Objectives

17. The main objective of Task B₂ is to elaborate a field-tested method to measure and report on progress towards the implementation of the harmonisation and alignment agenda as set out in the Rome Declaration. In doing so, it will rely on a concise set of quantitative indicators.

B. Guiding principles

18. The methodology for measuring progress will take account of the following guiding principles:

- *Indicators should be cost-effective and draw as much as possible on readily available data* — Indicators should be identified for which data is regularly available and permit cost-effective collection. Compiling information for indicators inevitably generates costs. These costs should be incurred to the greatest extent by aid agencies rather than developing countries.
- *Build on existing work* — Work on indicators should build and rely on past and on-going efforts in the area of quantitative measurement including, inter alia, work being undertaken on financial management in the WP-EFF, the SPA and PARIS 21.

C. Methodology

19. Elaborating a robust method to measure progress on harmonisation requires a number of intermediate steps. These are set out below:

20. **Step 1: Establish a framework of reference** — The Rome Declaration was not drafted or designed in a way that lends itself to the derivation of indicators. It includes a large number of statements and commitments of unequal importance or relevance to this exercise. This is why translating the Rome Declaration into a limited series of structured dimensions is a necessary first step towards establishing a concise set of indicators. Rather than attempting to capture the full range of issues that are included in the Rome agenda, this framework of reference should focus on a limited set of results that are of strategic importance. It should be designed in such a way as to facilitate the derivation of indicators.

21. **Step 2: Select a concise set of indicators** — A list of indicators will be identified against the key dimensions of the framework of reference described in step 1 above. Selection criteria will then be established in order to identify a short-list of indicators that will prove to be the most valuable for the harmonisation and most feasible and cost-effective to produce.

22. **Step 3: Establish the basis of a reporting system** — This will include, *inter alia*, establishing methods for collecting and aggregating data, locating sources of relevant information both at donor level and country level, agreeing on definitions and key terms.

23. **Step 4: Field test methodology** — Data for the indicators will be provided by different sources both at donor and partner country level. The indicators and reporting system will be field tested with reasonable number of donors and in the three partner countries represented in the Task Team.

24. **Step 5: Data collection in 14 partner countries** — Data for the indicators will be collected in all 14 partner countries associated with the Task Team.

25. **Step 6: Elaborate a final proposal** — A document will describe a method to measure and report on progress towards the implementation of the harmonisation agenda using a concise set of indicators.

D. Deliverables & timeframe

26. The following outputs will be produced by the indicated date:

- Step 1: Framework of reference3-4 November 2003.
- Step 2: Tentative list of indicatorsIbid.
- Step 3 & 4: Field testing & reporting methodologyFebruary 2004.
- Step 5: Data collection in 14 countriesJune 2004.
- Final reportSeptember 2004.

E. Organisation of work

27. Work will be undertaken by a core group of interested members of the Task Team on Harmonisation and Alignment in close collaboration with the OECD Secretariat. Representation from a broad range of members (bilateral, multilateral and partner countries) will be required.

28. The core group will agree on appropriate working modalities (meetings, electronic forum, and teleconferences) in order to complete effectively the tasks described in this work programme.

APPENDIX 1

PROGRESS REPORT ON TASK B₂:

FRAMEWORK OF INDICATORS

1. This section reports on progress accomplished on the framework of indicators described above under Steps 1-2 (see paragraphs 17-19 in previous section). Two outputs have been produced: i) a framework of reference mapping out the commitments set out in the Rome Declaration and ii) a tentative list of 14 indicators ready for field testing. For ease of reference, these have been combined into a single table that is presented in Table 1 below.

2. Work was undertaken by a dedicated group of members² of the Task Team and the Joint Venture on Public Financial Management with the support of the OECD Secretariat. The Joint Venture focused more specifically on the indicators that came within their ambit of work (i.e. indicators 3, 6, 7, 12, 13 in Table 1).

3. In addition to extensive electronic consultation and exchange of information by email, members met twice in informal technical meetings (4 September and 21 October 2003). Their findings were presented and discussed in two Task Team meetings (5 September and 23 October 2003) and one meeting of the Joint Venture PFM (22 October 2003).

4. The framework presented below organises the commitments made at the Rome High Level Forum (24-25 February 2003) around four key dimensions. These are:

- *Ownership* — Partner countries coordinate development assistance.
- *Alignment* — Donors align aid with partner country priorities and systems.
- *Streamlining* — Donors streamline aid delivery.
- *Practices* — Policies, procedures, practices and incentives foster harmonisation.

² **Members included:** Jenny Francis (*Australia*), Martinus Desmet (*Belgium*), Kristine Smets (*Belgium*), Stefan Oswald (*BMZ*), Janet Burn (*Canada*), Pierre Giroux (*Canada*), Winnie Petersen (*Denmark*), Simon Gill (*DfiD*), Roland Fox (*DfiD*), Patrice Lenormand (*EC*), Anne-Claire Leon (*EC*), Lotta Karlsson (*Finland*), Riitta Oksanen (*Finland*), Frerk Meyer (*GTZ*), Elliott Harris (*IMF*), Takuya Sugawara (*Japan*), Jiro Otsuka (*Japan*), Akika Ichikawa (*JBIC*), Maki Maruyama (*JICA*), Yuji Moriya (*JICA*), Knut Båse (*KfW*), Jeroen Verheul (*Netherlands*), Alex Gerbrandy (*Netherlands*), Tineke Roholl (*Netherlands*), Berit Fladby (*Norway*), Hege Hertzberg (*Norway*), Mary Strode (*PARIS 21*), Bengt Ekman (*Sida*), Bo Westman (*Sweden*), Mari Matsumoto (*UNDP*), Thomas Theisohn (*UNDP*), Colin Bruce (*World Bank*), Paul Bermingham (*World Bank*), Soe Lin (*World Bank*) and Chris Hall (*World Bank*).

5. For each of these dimensions the framework identifies a limited set of commitments contained in the Rome Declaration that are of strategic importance to the advancement of the harmonisation and alignment agenda. The wording of the commitments draws directly from the Rome Declaration. To facilitate cross-referencing the paragraphs of the Rome Declaration are included in parenthesis. Sometimes, a single commitment refers to several paragraphs of the Rome Declaration (e.g. commitments No. 7 and No. 10).

6. For each commitment, one or more indicators have been elaborated to measure progress against it. The choice of indicators has been determined by three factors:

- *Significance* — the indicators ability to appropriately capture important dimensions of the commitment.
- *Feasibility* — the ability to collect consistent and timely data for the indicator in a cost-effective manner.
- *Avoid burdening partner countries* — Indicators have been designed in a way that puts the onus of data collection and reporting on donors rather than on partner countries.

7. In some cases, it has not been feasible or appropriate to develop indicators that reflect important dimensions of a commitment. This is the case for commitments No. 9 and No. 10 for example. **This does not mean that progress against these dimensions will not be documented or are not important.** Rather, it signifies that progress would be better captured in descriptive reports such as the DAC peer review reports or the reports to the DAC SLM and second High Level Forum (see Task B₁ in the section above).

8. The indicators described in Table 1 can be presented at different levels of aggregation: at partner country, donor or global level. Ways will be developed to calculate meaningful ratios for each of these indicators including using appropriate weighting patterns such as aid volume for example.

9. The next steps involve field-testing these indicators so as to assess their feasibility and improve their overall robustness before systematic data collection is carried out in the fourteen partner countries associated with the Task Team. Field testing is expected to start in November 2003 as soon as agreement has been reached by members on its modalities. It will also provide an opportunity for representatives of partner countries to take part in the deliberations.

Table 1: Framework of Indicators on Harmonisation & Alignment

Rome Commitments on Harmonisation & Alignment			
Partner countries co-ordinate development assistance			
1. Ownership	1	Partner countries assume leadership role in the coordination of development assistance (§3)	1 Percentage of partner countries where partners and donors have agreed on an agenda for greater harmonisation.
	2	Partner countries, when necessary, reform their systems and procedures and adopt international principles and good practices (§3)	2 Percentage of partner countries that lead local coordination processes, including organising and chairing consultative groups or round tables.
	3	Donors increasingly support partner countries' capacity to manage development assistance effectively (§3)	3 <i>Comment: The Joint Venture on Public Financial Management is currently elaborating a framework on public financial management. A decision will be made as to whether this might provide the basis for an appropriate indicator.</i>
Donors align aid with partner country priorities and systems			
2. Alignment	4	Development assistance is increasingly delivered in accordance with partner countries' priorities (§5.1)	5 Percentage of donors within a country where donors' country assistance strategies are consistent with PRSs or equivalent national framework.
	5	Donors rely increasingly on partner country systems & procedures (§5)	6 Percentage of donors within a country where development assistance is aligned with budget cycle.
			7 Percentage of donors within partner country relying on a) supreme audit institution to audit donor funds and b) partner countries' procurement systems.
Donors streamline aid delivery			
3. Streamlining	6	Donors implement common arrangements for planning, managing and delivering aid (§6)	8 Percentage of donors within a country where donors rely on a common conditionality framework consistent with PRSs or equivalent national frameworks
			9 Percentage of SWAps where funding, reporting and monitoring is guided by a common framework.
			10 Number of agreements on delegated co-operation.
	7	Donors reduce missions, reviews and reports where appropriate (§5.2;§5.7)	11 Number of donor missions per partner country, of which joint donor missions.
			12 Number of financial reports per country prepared by the Ministry of Finance and sector ministries solely for donors.
8	Donors are transparent about their activities (§6)	13 Percentage of donors within a partner country disclosing information on a) planned aid flows and b) country analytic work.	
Policies, procedures, practices and incentives foster harmonisation			
4. Practices	9	Donors review key policies and procedures to support harmonisation (§5.2)	14 <i>These dimensions will be captured in the peer review reports and reports to the DAC SLM and High Level Forum</i>
	10	Global and regional programmes increasingly promote and support harmonised approaches (§5.7;§5.9)	

- **Note 1:** The following symbol: '§' indicates number of the paragraph that refers to the specific commitment in the Rome Declaration
- **Note 2:** Paragraph 7 of the Rome Declaration on Harmonisation called for tracking and refining indicators of progress on harmonisation. This list of commitments and the accompanying list of indicators of effective partnerships address that undertaking.