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**DEVELOPMENT CO-OPERATION DIRECTORATE  
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**Working Party on Aid Effectiveness and Donor Practices**

**DONOR SELF-REPORTING ON PROGRESS TOWARDS HARMONISATION AND ALIGNMENT**

**DRAFT SYNTHESIS REPORT**

*This report was prepared by the Overseas Development Institute (ODI). It draws on the individual self-assessments carried out by 13 Members of the DAC Task Team on Harmonisation and Alignment and will be updated when other Members have completed their self-reporting.*

*The report is submitted FOR DISCUSSION AT THE MEETING OF THE TASK TEAM ON HARMONISATION AND ALIGNMENT ON 15-16 NOVEMBER 2004 under agenda item 3a.*

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## Donor self-reporting on progress towards Harmonisation and Alignment

### DRAFT SYNTHESIS REPORT

#### INTRODUCTION

1. This review summarises findings from the self-assessments submitted by 13 Members<sup>1</sup> of the DAC Task Team on Harmonisation and Alignment. Other Members are expected to complete their self-reporting so that a fuller synthesis can be prepared in the coming weeks. Major findings and recommendations will feed into the Progress Report for the 2<sup>nd</sup> High-Level Forum on Aid Effectiveness to be held in Paris in March 2005.

2. The review is a general summary of the results of the self-reporting process rather than a comparison between agencies. The objective is to report on major trends, share good practice and identify challenges. The synthesis follows the structure of the Template (Annex 2) which members used as a checklist for their self-assessment. Suggestions on how self-monitoring techniques can be improved in the future are set out in Annex 1.

#### SUMMARY OF FINDINGS

3. The self-assessment process appears to be a useful tool, yielding valuable information about the level of progress and the extent of harmonisation activities. While there has been considerable activity reported in some areas (for example, dissemination of the Rome agenda and high-level management buy-in), it is unclear that much progress has been made in others, particularly in the areas of capacity development and monitoring and evaluation.

- Some **concerns were raised about the pace of progress**. Switzerland, for example, wrote that “there is a real danger of too high a sequence of progress reports and monitoring activities that could lead to less effectiveness instead of more.” In light of the limited staff resources available for harmonisation and alignment (H&A) work, this concern should be taken seriously.
- **Communication and dissemination of the Rome agenda is well underway**, with nearly all respondents reporting good progress. H&A staff and networks of focal points are largely in place.

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<sup>1</sup> Australia, Austria, Finland, Germany, Ireland, Japan, Netherlands, New Zealand, Norway Sweden, Switzerland, United Kingdom and United States. The World Bank self-assessment, received after completion of the draft synthesis, will be included in the next version.

- Different levels of development in partner countries present different challenges. Harmonisation and alignment are perceived to be more difficult, for example, in post-conflict and very poor countries. The 2<sup>nd</sup> High Level Forum should **concentrate on articulating desired H&A actions in these difficult contexts.**
- Members reaffirmed the notion that **harmonisation and alignment are easier to achieve in certain sectors.** Progress in the human development sectors is mentioned most often, while examples in other sectors remain scarce. This may be worth discussing in greater depth.
- There is less progress in terms of **developing concrete policies and procedures**, whether internal or among donors, particularly in the area of training and staff sensitisation. However, several respondents reported **good progress in building the H&A agenda into work with at least some partner governments.**
- **Sharing information on aid flows** proved particularly difficult, generally because donor agencies themselves do not have exact information on future aid levels to share. This seems to be the main deterrent in moving towards multi-year budgeting.
- Donors have been busy pursuing joint activities on a pilot basis (e.g. **diagnostic reviews, assistance strategies, delegated cooperation**). The next step will be to embed such approaches in a wider range of countries.
- While many donors acknowledged the **need for greater capacity building** in technical areas such as data gathering and statistics, few respondents reported funding such activities. There was disagreement about providing training on general topics such as strategy development, some feeling that partner countries themselves should request and manage such activities.
- For all but the most active donors, it seems **too early to assess monitoring and evaluation efforts.** Five countries reported that, while plans were in place to develop such systems, they had not yet had the time to do so; while four were anticipating an assessment of achievements at a later date.

## **LESSONS LEARNED**

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- Smaller agencies with limited time and staff need some assistance in achieving H&A goals. Developing training materials, common frameworks for database monitoring, and guidelines for monitoring and evaluation would be particularly useful.
- Some definitions have evolved since the H&A movement began: phrases such as “multi-year budgeting” and “procedural flexibility” may now mean different things to different donors. A “definitional update” may be useful.
- Multi-donor coordination groups work well. Members of the Nordic Plus group reported significantly more progress in areas such as development of action plans, common policy guidelines, joint diagnostic reviews and harmonisation of procedures.
- Lack of formal criteria for measuring harmonisation and alignment results, in areas ranging from quality assurance to staff training, seems to be hindering progress. Several respondents would like more practical guidance.

## COMMENTS ON EACH SECTION OF THE TEMPLATE

### I. COMMUNICATION/DISSEMINATION OF ROME AGENDA

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#### A. Signals from top management

4. All respondents reported at least general progress in this area. Most countries have either published, or plan to publish, their Action Plans. The Nordic Plus Group's joint assessment has obviously had a large influence on its members, by helping to develop and adhere to monitorable actions.

#### B. Communication and dissemination

5. Twelve respondents reported progress in disseminating, promoting and sensitising staff to the H&A agenda. However, seven did not address the "issuance of staff operational directives" category, and six did not supply information about field visits. Two respondents noted that their organisations were so decentralised that authority for monitoring and implementing progress rested with field offices rather than headquarters.

*Good practice - Germany not only distributed the Rome agenda to relevant government agencies, but also to NGOs, churches, and others in civil society.*

### II. ORGANISATIONAL SET-UP AND POLICIES

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#### A. Structure

6. All respondents reported that H&A staff was in place. Eleven members reported establishing (or planning to establish) an internal network, while ten had or were planning to appoint **country-level harmonisation focal points**.

7. However, in some smaller agencies (for example, Austria, where there are just two part-time H&A staff), allocated staff and time is limited. Given the ambitious H&A agenda, agencies with limited available staff time will need outside help to achieve goals, either through the DAC or through multi-donor arrangements such as the Nordic Plus. Smaller donors stress the usefulness of international fora and multilateral leadership to help push the agenda forward. Areas of special interest includes development of common procedures (e.g. for monitoring), staff training opportunities, dissemination of research findings, and stimulating more cross-country research partnerships (e.g. country assessments).

*Challenge - Several donors noted the need for increased sensitisation and training of staff at headquarters and in field offices on what the H&A agenda means in practice. Having specific tools and materials highlighting the advantages of H&A would help create ownership where currently there is only limited buy-in. It would be helpful if the Task Team were able to develop these materials.*

8. Ten respondents reported on current or planned **decentralisation of decision-making**; one reported no progress. Decentralisation seems to be a very large question that encompasses more than just H&A work. A dialogue on how to measure progress in this category would be useful.

*Challenge - Synchronising the pace and amount of information flows between field offices and headquarters is difficult. Reporting systematically on harmonisation (even when it is being done) is difficult because recording is spotty. The United States, for example, writes that many of its harmonisation activities take place “on the ground,” where they are difficult for headquarters to measure. How can these efforts be tracked?*

## **B. Policies and procedures**

9. Five respondents did not answer this category, and another five answered only in a general way. The phrase “**flexibility to reform procedures**” seems to have developed a deeper meaning since the H&A movement began, judging from the variety of answers that were put forward. The Task Team may wish to address these and other definitional issues.

*Good practice - Australia described in detail its introduction of greater flexibility in contracting/procurement; for example, cancelling citizenship requirements for certain procurement tenders.*

10. Seven respondents did not answer or reported no progress on **adjusting guidelines to include H&A advice**, but those that did report progress were specific about the actions they had taken. For example, in the Netherlands, the Minister and senior management agreed to achieve at least one new best practice of operational harmonisation in the coming 3-4 years.

11. There was a good response rate regarding **country-level work**, with seven respondents giving specific examples, and a further three describing general work. The United Kingdom, for example, provided an action plan detailing concrete steps taken in 24 partner countries.

12. The main case of **common policy guidelines** regarded the Nordic Plus Group, which involves six of the respondents. Membership of such a multi-donor coordination group seems to have helped respondents.

## **C. Staff training and incentives**

13. Notably, four respondents reported no progress at all on ad hoc or systematic training. Three reported that some H&A issues had been built into already-existing courses. Language barriers were cited as hindrances to more staff exchanges/secondments (Germany).

14. There appeared to be general reticence to tie H&A activities specifically to staff performance. Respondents are clearly more comfortable encouraging rather than mandating staff to comply with the H&A agenda.

# **III REVIEW OF OPERATIONAL PROCEDURES**

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## **A. Information sharing**

15. Respondents reported the most difficulties in adhering to the H&A agenda in this category, especially with regard to **multi-year programming**. Several donors cited an inability to commit fully to set amounts of aid over a longer time horizon, often because of what they perceive to be the vagaries of

their own national budget planning systems. The United States reported country legislation that prevented them from sharing this information.

16. Clearly, it is easier to share information about general strategy than about budget figures. Eleven respondents reported **sharing planning documentation** to some extent. There was more division about sharing mission dates: seven did not answer, or reported no progress.

*Challenge - Work defining multi-year budgeting is required. For example, does multi-year planning sharing include budget figures or not (e.g. Sida does not include them)? Why do some donors share budget plans only "on request" (e.g. Japan, Norway) while some do so systematically?*

## B. Simplifying procedures

17. Twelve respondents provided positive indications; one reported no progress. Australia reported that in 2001 it had developed a full strategic plan on how to rationalise aid procedures.

18. Eleven respondents reported progress in participating in **work on harmonising procedures**, the most progress being reported among Nordic Plus members, who were clearly engaging in active discussions on how to improve.

19. Five respondents did not respond or reported no progress on reducing the **number of missions** (by country). Finland mentioned that it honoured Zambia's requested "mission black-out" dates.

## C. Common arrangements

20. Much activity was reported in the categories relating to joint activities and common procedures, with most respondents reporting examples of collaboration in certain partner countries. Ireland and the Netherlands, for example, reported jointly undertaking country analytical work in preparation for the Ethiopia CSP. The next step will be to embed good practices such as these into more countries. Again, Nordic Plus Group membership seemed to facilitate collaboration.

21. Several smaller agencies requested help in implementing joint research (such as country analytical work and developing a common framework for Direct Budget Support).

*Challenge - Some respondents noted that their current financial management tools do not allow for systematic recording of joint financing arrangements.*

## D. Division of labour

22. Eight respondents cited specific examples of **delegated cooperation**. For example, New Zealand, Australia and the Cook Islands agreed to a combined pilot NZAID/AusAID programme to be managed by New Zealand for two years.

*Challenge - Though most respondents reported that they were able to enter into delegated partnerships (with the exception of the US), there were questions raised about whether actual economies of scale were being achieved through complementarity and silent partnerships. Do these actually reduce transaction costs? Also, what are the legal and administrative obstacles that prevent delegated cooperation with some partners?*

## E. Alignment with partner country's agenda and systems

23. The level of development in partner countries clearly influenced the reported level of donor alignment. Most countries noted that when they could use partner systems they did, but that this was often not possible, particularly in post-conflict and “difficult” environments.

24. It seemed easiest to align with Poverty Reduction Strategies (PRS) or other overarching development strategies, but reliance on partner institutions and systems in more specific categories, such as monitoring and evaluation and statistics/data analysis, is much more difficult due to lack of capacity in these areas.

*Good practice - Norway described how to tailor reporting requirements to fit the regulations of partner countries. For example, in Bangladesh, procurement is done by the responsible implementing agency (the Bangladesh Rural Electrification Board) and in accordance with the procurement regulations of Bangladesh. However, as part of the agreement, Norway has the right to receive information during all stages of the procurement process and to give its comments before the supplier is selected.*

## IV. CAPACITY DEVELOPMENT IN PARTNER COUNTRIES

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### A. Strengthening partner country capacity

25. Seven respondents did not respond or reported no progress in assisting partner countries in improving their policies and procedures. Others treated the subject in a general way, noting that all their training activities were geared towards building capacity in partner countries. Japan, however, reported specific activities to strengthen both strategic and sectoral planning, including in Vietnam, Ghana, Bolivia, and several others.

26. There was considerable interest in **raising the quality of statistics** and data, areas in which improvements would help donors to devolve authority to partner countries. However, only six respondents reported funding such activities.

27. There seems to be less interest for **capacity building in the area of national strategy** and development planning than there is for technical training. Germany noted that to date its partner countries had not specifically asked for help on these issues, and that while they would provide such training if it were requested, they preferred to wait until the demand arose.

*Challenge - Norway notes that as a donor it has comparative advantage in certain sectors in delivering sectoral aid (though not particularly related to harmonisation and alignment). It would be useful for donors to discuss among themselves their particular area of expertise, and to pool training arrangements accordingly. It would also be useful to discuss how donors can tailor sectoral training specifically to advance the H&A agenda.*

### B Coordinating capacity development

28. Five did not answer or reported no progress in joint assessments of capacity-building needs and pooling TA arrangements; three reported that they were planning activities; the rest treated the subject generally. The will to collaborate seems to exist, but little progress is reported to date.



## V. MONITORING AND EVALUATION

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29. For all but the most active donors, it seems too early to assess monitoring and evaluation efforts. Five countries reported that, while plans were in place to develop such systems, they had not yet had the time to do so; while four were anticipating an assessment of achievements at a later date. Exceptions included the United Kingdom and Australia, which are already monitoring progress against their action plans.

30. Clarification is clearly needed about what this category means, and whether it refers to simplification of the donors' own administrative arrangements or of work within partner countries (or both). Smaller countries expressed the need for help in developing formats and timetables for monitoring and evaluation that can be used in multi-donor activities/projects.

*Challenge: The lack of formal criteria for measuring harmonisation and alignment results, in areas ranging from quality assurance to staff training, is hindering progress. Several respondents would like more practical guidance (e.g. examples of donors dropping bilateral country strategies in favour of pooled or borrowed assistance strategies? How can the DAC Good Practice Principles be operationalised?)*

### **Annexes**

- I. Suggestions for future self-assessments
- II. Template for self-reporting

## **Suggestions on future self-assessments**

- In future, self-assessments should concentrate more on specific, monitorable targets. With the current checklist (template), it is easy for donors to comply with the self-assessment reporting requirements while actual progress may be minimal. Some respondents suggested that developing a “scoreboard” monitoring system should be a goal of the 2<sup>nd</sup> High Level forum.
- Harmonisation and alignment questions should be separated so that monitoring focuses on each concept separately and respondents cannot conflate them. Monitoring should address mostly internal donor processes.
- Specific questions should be geared to measuring the *level* of activities and gauging what progress has been made. For example, many respondents reported that they train staff. Is the training provided sufficient? Is it mandatory or voluntary? Does it deal specifically with H&A? Similarly, many donors report examples of division of labour. Were these successful?
- It would be helpful to ask questions about budget, as well as staff numbers, assigned to H&A activities. It would also be helpful to describe the level of staff assigned to the role (e.g. senior adviser or junior staff member).
- When talking about decentralisation of decision-making, it would be helpful to specify that this means decentralisation within the donor offices rather than to partner governments. Similarly, questions would need to specify whether sharing documentation on development cooperation refers to collaboration among donors or between donor and partner countries (or both).
- More is needed on identifying challenges in each category.

## ANNEX 2

**TEMPLATE FOR DONOR SELF-REPORTING****BACKGROUND**

1. The Rome Declaration (February 2003) commits donors to undertake self-assessments of their progress in applying harmonisation good practices. By now, most donors have formulated Action Plans on harmonisation/alignment. These Action Plans setting out intentions and specific targets should be used as the framework of reference for reporting on progress.
2. The attached template is merely intended as an illustrative checklist to help donors undertake their first systematic and comprehensive review of implementation ahead of the 2nd High Level Forum on harmonisation and aid effectiveness (HLF 2).
3. Complementing the DAC Survey on Progress in Harmonisation and Alignment focusing on field implementation in the 14 partner countries, the self-reporting exercise should primarily provide an assessment of progress seen from a Headquarters perspective (although information from field missions may be required to cover some of the Template items).
4. As much as possible, members should seize the opportunity of this self-assessment to engage managers and staff in consultations on the opportunities, constraints, challenges and prospects of implementing the harmonisation/alignment agenda.
5. Results from individual organisations will be analysed, synthesised and consolidated into a single document for discussion at the November meetings of the Task Team and the Working Party on Aid Effectiveness.
6. Emerging findings will feature in the main Report to be submitted to the DAC Senior Level Meeting in December 2004 and eventually to the Paris HLF 2 in March 2005.
7. In order to meet the above deadlines, Members are kindly requested to submit their self-assessments to the Secretariat **by 20 September 2004** with copy to:

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## **TEMPLATE FOR DONOR SELF-REPORTING**

### **I. COMMUNICATION/DISSEMINATION OF THE ROME AGENDA**

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#### **A. Signals from top management**

- Commitment of Minister and senior management: adoption of harmonisation as a strategic priority; high level policy statement; report to Parliament/Executive Board; visits to Embassies/Resident missions; raising the profile of harmonisation in policy dialogue with partner countries; presentations in international fora, etc. Please provide specific examples.
- Approval of Action Plan setting monitorable harmonisation and alignment targets and performance indicators in key areas/countries.

#### **B. Communication/Dissemination**

- Dissemination of Rome Declaration, Donor Action Plan, DAC Good Practice Papers on Harmonising Donor Practices for Effective Aid Delivery (at Headquarters and at country level).
- Promotion of harmonisation and alignment in international fora (UN, MDBs, DAC, EU); thematic fora (health, education, humanitarian aid, Global Funds, etc); meetings with NGOs.
- Sensitisation of managers and staff to good practice requirements and expected deliverables (training, briefing of new staff, inclusion in staff /consultants ToRs, etc.)
- Issuance of operational directives and instructions to headquarter and field staff (including specific mandate to participate in and support government-led country level harmonization and alignment initiatives).
- Field visits to support implementation, and monitor/assess progress at country level.

### **II. ORGANISATIONAL SET-UP AND POLICIES**

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#### **A. Structure**

- Department/Team specifically focusing on harmonisation: position within the agency, mandate, number of staff full time.
- Cross-cutting responsibility: internal harmonisation network with regular meetings.
- Decentralisation of decision-making to Embassies, empowerment of field offices.
- Local focal points for harmonisation/alignment at headquarters and in the field.

## **B. Policies and procedures**

- Consistency of policies and procedures with DAC Good Practice on harmonisation and alignment.
- Flexibility to reform procedures: adjusting guidelines for programme design, implementation, financing, reporting, monitoring, auditing and evaluation.
- Recommendations made by Ministers/Board or decision-making bodies for necessary changes in agency policies and procedures.
- Guidance on simplification/harmonisation/alignment in annual programming.
- Concrete steps taken for operational harmonisation in specific partner countries.
- Integration of simplification/harmonisation/alignment in project, sector, and budget support.
- Developing common policy guidelines (e.g. for Memorandum of Understanding, topping-up allowances, tax exemption, procurement, etc).

## **C. Staff training and incentives**

- Ad hoc/systematic.
- Availability of training manual, specific modules and tool kits on harmonisation/alignment.
- Joint training activities with other donors.
- Secondments and staff exchange with other aid agencies.
- Rewards and sanctions (non-monetary, monetary, promotion).
- Inclusion of harmonisation/alignment in staff performance assessment.
- Recognition of successful harmonisation initiatives.

### **III. REVIEW OF OPERATIONAL PROCEDURES**

#### **A. Information sharing**

- Sharing information on current and planned aid flows at country level: commitments and disbursements.
- Predictability of aid: use of multi-year programming (2-3 years).
- Sharing documentation on development co-operation (planning and outcome of bilateral negotiations, evaluations, etc).
- Circulating calendar of missions and co-ordinating visits from headquarters.

#### **B. Simplifying procedures**

- Rationalising aid procedures and systems.
- Reducing the number of missions: targets by country.
- Participating in work to develop harmonised procedures and processes (procurement, financial management, etc).

#### **C. Common arrangements**

- Joint diagnostic reviews: country analytical work; Poverty and Social Impact Assessment (PSIA); Environmental Impact Assessment (EIA); participation in diagnostic reviews with the partner country and other donors (CFAA, PER, CPAR etc.); reliance on work by other donors.
- Joint programming/joint assistance strategies.
- Joint missions, appraisals, evaluations and audits.
- Common reporting, monitoring, procurement, disbursement, accounting and auditing procedures: harmonisation of formats and timetable; adaptation to local requirements and circumstances; participation in work to develop harmonised public financial management and procurement
- Common framework for budget support: common conditionality framework, compatibility of commitments/ disbursements with partner country budget cycles, open process for managing concerns, clear rules for suspension of aid.

#### **D. Division of labour**

- Delegated co-operation: joint representation by one donor on behalf of others.
- Silent partnerships.
- Seeking complementarity with other donors, avoiding duplication.
- Co-financing: trust funds, etc

## **E. Alignment with partner country's agenda and systems**

- Alignment of donor country assistance strategies with partner country Poverty Reduction Strategy (PRS) or equivalent national development plan.
- Alignment with national sector policies.
- Project support delivered through partner country's systems and procedures.
- Reliance on partner country analytical work.
- Use of partner's own format and processes for monitoring, reporting, auditing and procurement.

## **IV. CAPACITY DEVELOPMENT IN PARTNER COUNTRIES**

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### **A. Strengthening partner country capacity to:**

- Manage and co-ordinate development co-operation.
- Undertake analytic work linked to PRS processes.
- Formulate development strategies (PRS), sector policies and programmes.
- Upgrade public financial management systems to meet international standards: reporting, monitoring, accounting, auditing, evaluation, procurement, etc.
- Raise the quality of data and statistics (linking indicators/policy targets/decision-making).
- Manage for development results.

### **B. Co-ordinating capacity development**

- Joint assessment of capacity-building needs in partner countries: division of labour between donors; avoiding duplication and gaps; co-ordinated implementation, etc.
- Pooling arrangements for technical assistance (tied/untied).

## **V. MONITORING & EVALUATION OF PROGRESS TOWARDS SIMPLIFICATION/HARMONISATION/ALIGNMENT**

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- Monitoring systems in place to measure progress (indicators built into Action Plans, periodicity of reviews, etc.).
- Overall assessment and prospects:
  - Major achievements, remaining constraints and priorities going forward.
  - Challenges and sustainability.
  - Costs and budget.