

**DEVELOPMENT CO-OPERATION DIRECTORATE
Development Assistance Committee**

Working Party on Aid Effectiveness

THE WORKING PARTY ON AID EFFECTIVENESS AFTER ACCRA:

Proposed Mandate, Work Programme and Structure

25-26 November 2008

This note sets out proposals for a mandate, work programme and structure for the Working Party on Aid Effectiveness. It is submitted for DISCUSSION at the next meeting of the Working Party on 25-26 November.

A revised mandate will be submitted to the OECD-DAC as host organisation for formal approval by June 2009.

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KEY ISSUES FOR DISCUSSION

This note sets out proposals for a mandate, work programme and structure for the Working Party on Aid Effectiveness. It is submitted for DISCUSSION at the meeting of the Working Party on 25-26 November.

Members of the Working Party on Aid Effectiveness are invited to respond to the following key issues for discussion:

- Mandate.
- Programme of work.
- Working methods and substructure of the Working Party.

NEXT STEPS

- Members should send their written comments on the proposed mandate, work programme and structure [DCD/DAC/EFF(2008)32] to the DAC Secretariat by **10 December 2008**.
- A revised mandate [DCD/DAC/EFF(2008)32/REV1] will be elaborated in the light of these comments and circulated electronically by **19 December 2008** for approval on a no-objection basis by **16 January 2008**, before submission to the OECD-DAC as host organisation for formal approval by June 2009.
- The next meeting of the Working Party will be on **31 March -1 April 2008**.

**THE INTERNATIONAL PARTNERSHIP ON AID EFFECTIVENESS:
A PROPOSAL FOR 2009-10**

I. PROPOSED MANDATE (2009-2010)

1. The Working Party on Aid Effectiveness¹ was established in 2003 as an international partnership of policy makers and aid practitioners from donor and developing countries hosted by the OECD-DAC. It is the principal forum through which policy makers and aid practitioners deal with issues related to aid effectiveness. It aims to contribute to the development of non-OECD member economies by making aid more effective at supporting poverty reduction and sustainable development.

2. The Working Party has organised three high level meetings on aid effectiveness (Rome 2003, Paris 2005 and Accra 2008) which have raised awareness of aid effectiveness and built consensus on the actions needed to maximise the potential of aid to achieve lasting development results.

3. The Accra High Level Forum in September 2008 endorsed the Accra Agenda for Action (AAA) to accelerate and deepen implementation of the Paris Declaration on aid effectiveness. In doing so, it has defined the policy environment for aid effectiveness for the next three years. The AAA includes major commitments to use country systems, enhance ownership and accountability for development policies, improve division of labour, increase the predictability of aid flows, work with new donors, improve transparency and deliver results. It also asks the Working Party “to continue monitoring progress on implementing the Paris Declaration and the Accra Agenda for Action and to report back to the Fourth High Level Forum on Aid Effectiveness in 2011” (AAA para. 30).

4. Over the next two years, the main responsibilities of the Working Party will include:

- Implementing aspects of the aid effectiveness agenda for which the Working Party has received a specific mandate - including monitoring progress on implementing the Paris Declaration and the AAA at country level.
- Supporting donor and developing country efforts to implement their commitments on aid effectiveness under the Paris Declaration and AAA. Other groups such as non-DAC donors, civil society and other international organisations will also benefit from the best practice guidance and knowledge generated.
- Preparing the 4th High Level Forum on Aid Effectiveness.

5. In implementing its mandate, the Working Party will engage with other organisations and networks to bring together the full international effort on aid effectiveness. In doing so, it will maintain strong links with the Development Assistance Committee (DAC), DAC Networks, other relevant OECD bodies, as well as with the ECOSOC Development Co-operation Forum whose contribution to the

¹ Hereinafter called ‘the Working Party’.

international dialogue and to mutual accountability on aid issues is essential. It will continue to work closely with the World Bank, the Regional Development Banks, and the UNDP.

II. PROPOSED WORK PROGRAMME

6. The Working Party's work programme will be drawn from the Accra Agenda for Action and other important proposals and recommendations made at the Accra High Level Forum. Most of these themes can be clustered into the following four broad areas:

- Strengthening ownership and promoting accountability.
- Strengthening and using country systems.
- Promoting transparent and responsible aid.
- Monitoring, assessing and evaluating progress.

7. These four areas also fall within the scope of other OECD bodies and networks, including the OECD networks on Governance, Evaluation, Poverty and Conflict and Fragility. They are also a focus of several bodies and working groups outside the OECD such as the Capacity Development Alliance (see Annex 2). The Working party will coordinate closely with these bodies in order to deliver its mandate with maximum efficiency; to promote mutual learning; ensure attention to cross-cutting issues in all four thematic areas, and to exploit opportunities for joint work.

8. In these areas of work, the Working party's added value will rely on its established methodology: evidence sharing, best practices, diagnostic and measurement tools, guidance and other tools necessary to promote behaviour change by donors, partners and other development actors. These tools and approaches will be piloted and applied in as diverse a range of countries as possible.

A. *Strengthening ownership and promoting accountability*

- *Strengthening the local environment for ownership and accountability* including state building, parliamentary oversight of resources, freedom of information etc.
- *Strengthening local dialogue* including guidance for donor support to state and non state actors.
- *National development policies and strategies* including supporting links with sector strategies, and improving focus on poverty reduction and respect of agreed international commitments on human rights, gender, disability and environment issues.
- *Country level accountability* including country efforts to **establish (or enhance) by 2010** mutual assessment reviews at country level.ⁱ
- *International accountability mechanisms* including to **Review by end 2009** proposals for strengthening existing international accountability mechanisms including peer reviews with the participation of partner countries.ⁱⁱ

B. *Strengthening and using country systems*²

9. The Working Party will support implementation of the commitment in the Paris Declaration and the Accra Agenda for Action on using country systems as a first option. While considering a range of country systems, it will give special emphasis to on-going work in the areas of public financial management, procurement and results frameworks.

- *Support implementation of commitments on using country systems.* Elaborate and provide guidance on implementing and operationalising commitments on use of country systems.ⁱⁱⁱ
- *Strengthen capacity and improve performance of country systems.* This includes, but is not limited to, supporting implementation of diagnostic tools for assessing and monitoring the quality of country systems.
- *Improve transparency on use of country systems.* This includes promoting capacity of parliaments and domestic accountability institutions in relation to use of country systems.

C. *Promoting transparent and responsible aid*

- *Aid transparency.* Develop guidance on operationalising the commitments made in the AAA on aid transparency.^{iv}
- *Predictability.* Develop tools to measure medium-term predictability of aid flows (AAA §26).
- *In-country division of labour.* Complete good practice principles on country-led division of labour^v and **establish by 2009** a methodology for evaluating progress in implementing international commitments on in-country division of labour.³
- *International division of labour. Organise by June 2009* a dialogue on international division of labour (AAA §17c and §17d).^{vi} The dialogue will be informed by the current situation of recipient countries in terms of aid revenues and needs, the donor allocations and rationales, and the mid-term allocation trends. One of the results of this dialogue should be to address the issue of countries that receive insufficient aid.
- *Conditionality.* Review, document and disseminate good practice on conditionality with a view to reinforcing country ownership and other Paris Declaration Principles by increasing emphasis on harmonised, results-based conditionality (AAA §25c).^{vii}

² Country systems include, but are not limited to, systems for public financial management, procurement, audit, monitoring and evaluations and environmental assessment. In line with the commitments made in the Paris Declaration special consideration will be given to on-going work in the areas of public financial management, procurement and results frameworks.

³ This includes undertaking more work on (i) considering the balance between reducing donor fragmentation and maintaining diversity of approaches and instruments; (ii) further associating non-DAC donors and global programmes in division of labour processes and (iii) facilitating developing country-led division of labour strategies based on donor comparative advantages.

D. Monitoring, assessing and evaluating progress

- *Monitoring implementation of the Paris Declaration.* Prepare for a third round of monitoring implementation of the Paris Declaration in 2011 by undertaking preparatory work to improve the methodology and the indicators of progress of aid effectiveness (AAA para. 30).^{viii}
- *Evaluating implementation of the Paris Declaration.* Liaise with Phase 2 of the evaluation on implementing the Paris Declaration.
- *Documenting progress for the 4th High Level Forum on Aid Effectiveness.*^{ix} Prepare reports documenting progress on implementing the Paris Declaration including by liaising with work underway on monitoring the Principles for Good International Engagement in Fragile States and Situations.^x

III. PROPOSED WORKING METHODS

A. Membership of the Working Party

10. In order to ensure a useful and balanced participation, and to build on the success of the WP-EFF's engagement with civil society organisations and non-traditional providers of development assistance, membership of the Working Party will be broadened to include representatives from five categories of international aid actors who will take part in the deliberations of the Working Party on an equal footing. These categories will be as follows:

- *Developing country representation* (representatives from 20-30 countries receiving ODA). Developing country participation will be given a regular platform through a continuation of the partner country contact group/ partner country caucus
- *'Emerging donor' representation* (representatives from 5-15 countries which both receive and provide development assistance e.g. South Africa, Brazil).
- *Bilateral donor representation* (20-30 representatives including all DAC members, the European Commission and other countries that report ODA to the DAC, e.g. Korea or Saudi Arabia).
- *Multilateral representation* (5-15 representatives including from the World Bank, UNDP, IMF, regional development banks, global programmes and the Strategic Partnership with Africa).
- *CSO and other institutions representation* (Representatives from civil society organisations as well as from international foundations, and local government organisations).

11. Observer status will be given to important stakeholders such as representatives from parliamentary associations. Specific half-day meetings between the Working Party and these important stakeholders will be organised back-to-back with the Working Party meetings on a regular basis.

B. Chairing arrangements

12. The Chair(s) and Vice Chairs of the Working Party will be drawn from the Working Party's membership.

C. *Executive Committee*

13. An Executive Committee will be responsible for the oversight of Working Party activities and setting strategic directions. This committee, which should comprise around 20 to 25 members, will include the Chair(s) of the Working Party, the Chair of the DAC and other members – representing constituencies within the working Party - appointed by members of the Working Party for the duration of the mandate. Members of the Executive Committee will be expected to actively represent their constituencies – keeping them informed, consulting them ahead of meetings, and representing their views at the committee.

D. *Meetings*

14. The Working Party will normally meet in full session once or twice a year. The Executive Committee will meet more frequently.

E. *The Working Party substructure*

15. To carry out its mandate, the Working Party will rely on the expertise of dedicated groups. It will decide on the best structure to deliver its work programme under the four thematic areas of work outlined in section II.⁴ This structure should be driven by the content and application of the work, so that it is fit for purpose. Options include joint ventures (with chairs, mandates and work plans, and fixed membership); communities of practice (regionally or thematically based, promoting lesson-learning and practical support/peer pressure); networks (looser, possibly driven by other objectives – e.g. global programmes learning group); task teams (focused, technical and time bound) and others. However, whatever structure/combination of structures is chosen an anchor point will be needed for each thematic area, to take responsibility for the organisation and delivery of work and to keep the rest of the Working Party informed.

F. *Secretariat support and funding*

16. The day-to-day activities of the Working Party will continue to be organised and supported by a Secretariat based in the Development Co-operation Directorate of the Organisation for Economic Cooperation and Development (OECD/DCD) in Paris. Other logistical support for the Working Party will continue to be provided by the World Bank and UNDP as and when needed.

17. The budget of activities implemented in support of the Working Party is covered by the OECD-DAC programme of work and budget and managed by the OECD/DCD, in line with normal OECD-DAC budgetary procedures.

18. The travel expenses of developing countries attending the meetings of the Working Party and its subsidiary bodies are covered by a pooled fund created under the OECD and administered by the UNDP. The UNDP reports back to the Working Party on use of these funds in line with OECD reporting practices. All members are encouraged to fund this pool on a voluntary basis. An indicative budget for 2009/2010 is presented in Annex 4. This fund might also cover costs of CSO representatives from developing countries.

⁴ Currently the Working Party relies on the expertise of four specialised Joint Ventures. These are: the Joint Venture on Managing for Development Results, the Joint Venture on Public Financial Management, the Joint Venture on Procurement and the Joint Venture on Monitoring the Paris Declaration.

ANNEX 1: PREVIOUS MANDATE OF THE WORKING PARTY (2007-08)

The Working Party on Aid Effectiveness (WP-EFF) is an international partnership of donors and partner countries hosted by the DAC. It is the major forum for dialogue between bilateral donors, multilateral organisations and partner countries which aims at improving the effectiveness of aid for greater impact on development and poverty reduction. Its current mandate is to promote, facilitate and monitor the implementation of the Paris Declaration on Aid Effectiveness endorsed at a High Level Forum in March 2005. This includes the following responsibilities:

- Encourage dissemination efforts to spread the messages of the Paris Declaration (PD).
- Support implementation of the PD Partnership Commitments on ownership, alignment, harmonisation, managing for development results and mutual accountability by developing policy and good practice guidance as well as joint tools in areas critical for implementing the Paris Declaration.
- Respond to the mandate entrusted by the Paris Declaration on monitoring the indicators of progress and proposing arrangements for medium term monitoring.
- Act as a focal point where parties engaged in implementing PD commitments can report back on progress for experience-sharing.
- Prepare for the 3rd High Level Forum (HLF) on Aid Effectiveness to take place in Accra in September 2008.

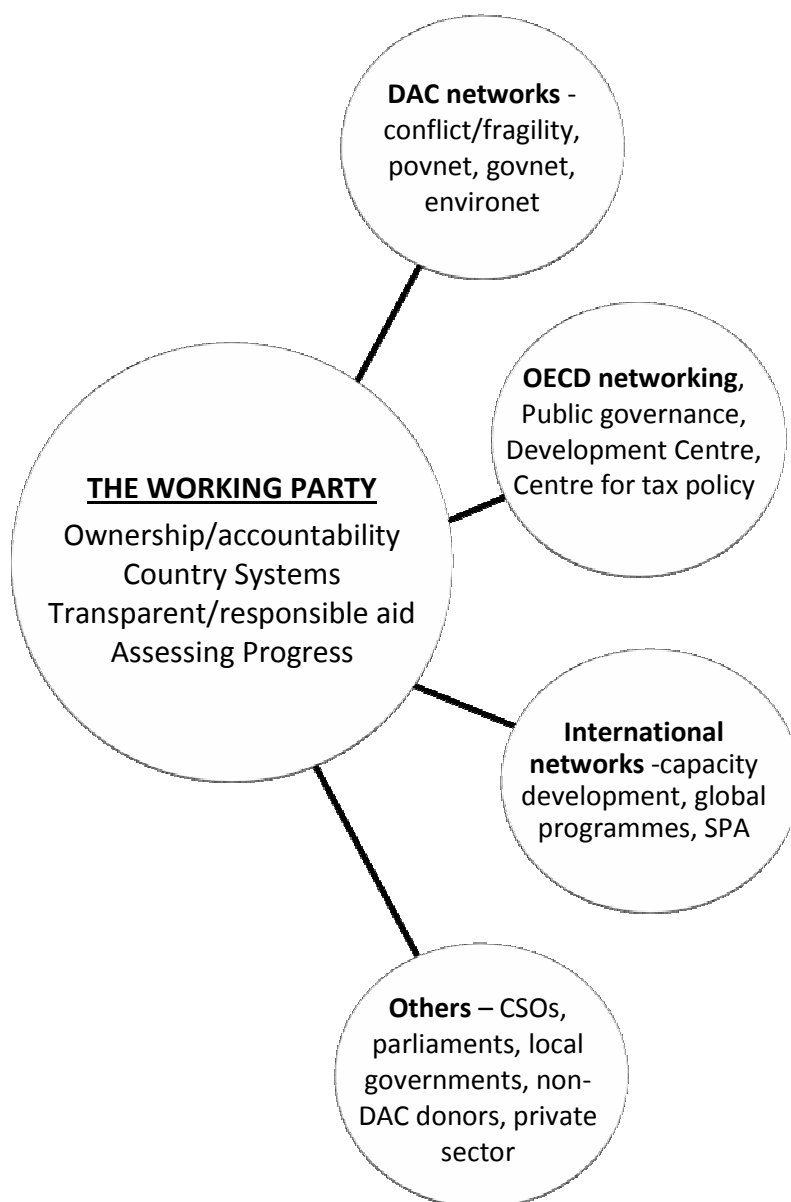
To carry out its mandate, the Working Party relies on the expertise of its four specialised Joint Ventures:

- Joint Venture on Managing for Development Results (JV-MfDR)
- Joint Venture on Public Financial Management (JV-PFM).
- Joint Venture on Procurement (JV- PROC).
- Joint Venture on Monitoring the Paris Declaration (JV-MPD).

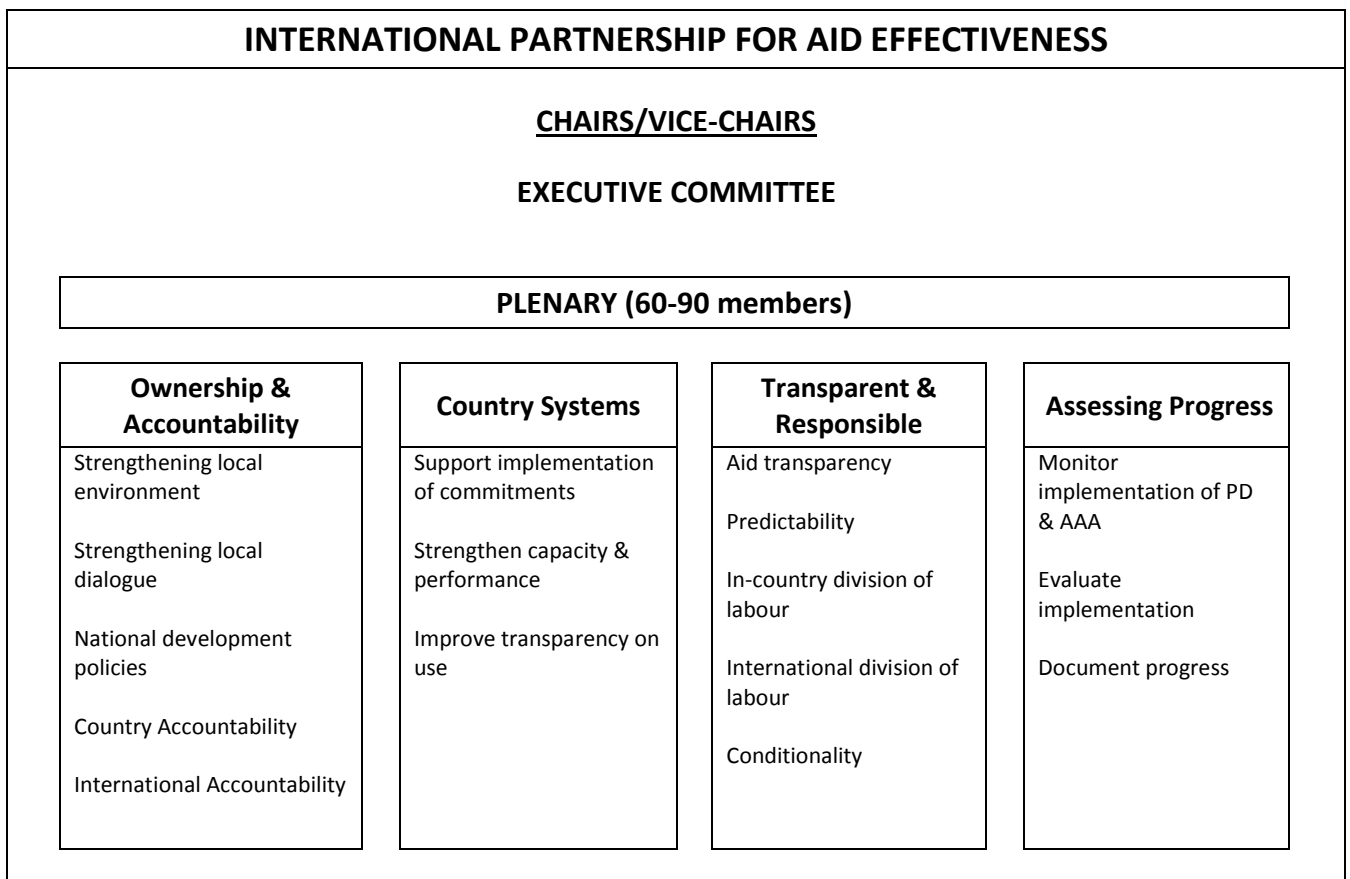
In addition, an Advisory Group on Civil Society (AG-CSO), which will function at least until the 3rd HLF, has been set up.

The WP-EFF has established for itself the principle of a “tripartite” chairing arrangement with representation from a bilateral donor, a multilateral organisation, and a partner country, reflecting the partnership commitment of mutual responsibility and accountability in implementing the Paris agenda .

ANNEX 2: THE WORKING PARTY, LINKS AND NETWORKS



ANNEX 3: THE WORKING PARTY ORGANIGRAMME



ANNEX 4: INDICATIVE BUDGET FOR DEVELOPING COUNTRIES TRAVEL EXPENSES

WP-EFF Partner Countries Travel Expenses
Estimates for 2009-11

WORKSTREAMS	Prevision for 2009				Prevision for 2010				Total 3 years
	N° meetings	N° Partner Countries	Unit costs (€)	Total	N° meetings	N° Partner Countries	Unit costs (\$)	Total (estimate)	N° meetings
Working Party	2	25	€ 3,500	€ 175,000	1	25	€ 3,500	€ 87,500	3
Executive body	2	4	€ 3,500	€ 28,000	3	4	€ 3,500	€ 42,000	5
JV PFM	0	6	€ 3,500	€ -	1	6	€ 3,500	€ 21,000	1
Other JVs / working groups	8	5	€ 3,500	€ 140,000	8	5	€ 3,500	€ 140,000	16
Miscellaneous	1	8	€ 3,500	€ 28,000	1	8	€ 3,500	€ 28,000	2
TOTAL				€ 371,000				€ 318,500	€ 689,500

Pledges received so far are as follows :

Norway	900,000 NOK	(175,000 US\$)
Netherlands	100,000 EUR	(125,000 US\$)
Sweden	1,000,000 SEK	(150,000 US\$)

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- i AAA §24b: “We will step up our efforts to ensure that —as agreed in the Paris Declaration— mutual assessment reviews are in place by 2010 in all countries that have endorsed the Paris Declaration. These reviews will be based on country results reporting and information systems complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement. With them we will hold each other accountable for mutually agreed results in keeping with country development and aid policies.”
- ii AAA §24c: “To complement mutual assessment reviews at country level and drive better performance, developing countries and donors will jointly review and strengthen existing international accountability mechanisms including peer review with participation of developing countries. We will review proposals for strengthening the mechanisms by end 2009.”
- iii AAA §15d: “Donor will immediately start working on, and sharing, plans for undertaking the Paris commitments on using country systems for all forms of development assistance; provide staff guidance on how these systems can be used; and ensure that internal incentives encourage their use”.
- iv AAA §24a: “We will make aid more transparent. Developing countries will facilitate parliamentary oversight by implementing greater transparency in public financial management, including public disclosure of revenues, budgets, expenditures, procurement and audits. Donors will publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable accurate budget, accounting and audit by developing countries”.
- v AAA §17b: “Donors and developing countries will work together with the Working Party on Aid Effectiveness to complete good practice principles on country-led division of labour. To that end, they will elaborate plans to ensure the maximum coordination of development cooperation. We will evaluate progress in implementation starting in 2009”.
- vi AAA §17c: “We will start dialogue on international division of labour across countries by June 2009”. §17d: “We will work to address the issue of countries that receive insufficient aid”.
- vii AAA §25c: “Developing countries and donors will work together at the international level to review, document and disseminate good practice on conditionality with a view to reinforcing country ownership and other Paris Declaration Principles by increasing emphasis on harmonised, results-based conditionality. They will be receptive to contributions from civil society”.
- viii AAA §30: “We ask the Working Party on Aid Effectiveness to continue monitoring progress on implementing the Paris Declaration and the Accra Agenda for Action and to report back to the 4th High Level Forum on Aid Effectiveness in 2011. We recognise that additional work will be required to improve the methodology and the indicators of progress of aid effectiveness. In 2011, we will undertake the third round of monitoring that will tell us whether we have achieved the targets for 2010 agreed in Paris in 2005. To carry forward this work, we will need to develop institutionalised processes for the joint and equal partnership of developing countries and the engagement of stakeholders.”
- ix Ibid.
- x AAA §21e: “At country level and on a voluntary basis, donors and developing countries will monitor implementation of the Principles of Good International Engagement in Fragile States and Situations, and will share the results as part of progress reports on implementing the Paris Declaration.”