

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

Working Party on Aid Effectiveness

IMPLEMENTING THE ACCRA AGENDA FOR ACTION (AAA)

25-26 November 2008

This Document has two sections:

Part I: WP-EFF member responses to immediate AAA commitments

Part II: Joint Venture and Task Team recommendations

This is an updated version of the document that was issued on 12 November 2008 and now contains both Part I and Part II

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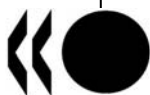


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**PART I : WORKING PARTY ON AID EFFECTIVENESS MEMBER COUNTRY
RESPONSES TO IMMEDIATE COMMITMENTS**

SUMMARY

1. This compendium marks the first step in reviewing implementation of key aspects of the Accra Agenda for Action (AAA). It takes stock of planned actions by donors and partner countries to realise the immediate priorities agreed at the Third High Level Forum on Aid Effectiveness (Box 1). This note provides a summary of general trends and key developments with the purpose of informing the discussions at the Working Party on Aid Effectiveness (“the Working Party”) and the DAC Senior Level Meeting.

2. This summary draws from the one-page notes submitted by **thirty-two members** of the Working Party (nineteen DAC members, one non-DAC member, six multilateral organisations, and six partner countries). Individual submissions are presented at the end of this summary.

Box 1. KEY PRIORITY ACTIONS AGREED IN THE AAA

When the AAA was endorsed at the Third High Level Forum on Aid Effectiveness, donors and partner countries agreed to undertake the following “beginning now” actions as a matter of immediate priority.

Donors

- Paragraph 15d: ***Donors will immediately start working on and sharing transparent plans for undertaking the Paris commitments on using country systems in all forms of development assistance;*** provide staff guidance on how these systems can be used; and ensure that internal incentives encourage their use. They will finalise these plans as a matter of urgency.
- Paragraph 25b: Beginning now, ***donors and developing countries will regularly make public all conditions linked to disbursements.***
- Paragraph 26b: Beginning now, ***donors will provide full and timely information on annual commitments and actual disbursements*** so that developing countries are in a position to accurately record all aid flows in their budget estimates and their accounting systems.
- Paragraph 26c: Beginning now, ***donors will provide developing countries with regular and timely information on their rolling three- to five-year expenditure and / or implementation plans,*** with at least indicative resource allocations that development countries can integrate in their medium-term planning and macroeconomic frameworks. Donors will address any constraints to providing such information.

Developing countries

Developing countries to design – with active support from donors – country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action. (para. 28).

GENERAL STEPS TAKEN TO MEET THE AAA COMMITMENTS

3. The responses show that donors and partner countries are at various stages in fulfilling the Paris Declaration (PD) and AAA commitments. Marked variations exist on the scale of challenges and efforts needed to fully meet the commitments.

Steps taken by donors

4. For donors that are already fulfilling many of the AAA commitments, the AAA presents an opportunity to review existing practices and operational tools to make explicit references to the AAA, ensure consistency and build staff capacities.

5. For donors that are starting to fulfil some of the PD and AAA commitments, a stock take of current policies and practices is planned to identify the changes necessary to fully meet the commitments. The results of the 2008 Monitoring Survey, the Evaluation of the Paris Declaration, or a reflection exercise are tools used for this purpose.

6. A number of donors are still at the initial stages of meeting the PD and AAA commitments. In these cases, changes in policies and behaviour are being introduced gradually as part of broader reforms in development co-operation. Broad commitment from stakeholders including high level officials, parliamentarians, agencies and ministries involved in development co-operation and civil society is needed to support the process. It also requires strengthening internal capacities to deliver new approaches and aid modalities at headquarters and at field level.

Steps taken by partner countries

7. A number of partner countries have already established action plans to implement the Paris Declaration. For these countries, the AAA presents an opportunity to assess whether the AAA priorities are sufficiently addressed in existing plans and identify areas in which increased efforts are needed.

8. Since the Accra High Level Forum, two partner countries have launched a process to develop an AAA action plan in consultation with a wide range of stakeholders.

SPECIFIC STEPS TAKEN ON “BEGINNING NOW” ISSUES

Developing plans on using country systems (para. 15d)

9. A number of donors report that they are taking steps to streamline guidance on using country public financial management and procurement systems. Seven donors plan to take stock of the main constraints, review lessons and identify good practice on using country system for this purpose. The stock-take includes use of country system for SWAPs/PBAS (Australia), project modalities (Finland), and broader set of country systems (monitoring and evaluation, gender, social and environmental assessments).

10. Three donors are systematising guidance on how to increase the use of country systems when certain benchmarks are met. Two donors are institutionalising an internal monitoring system to track progress on use of country systems over time.

11. A number of donors are piloting use of country systems on a case-by-case basis. For example, the UNDP intends to make financial contributions to pooled funding and sector budget support on a case-by-case basis, upon request of the recipient countries and in line with UNDP’s mandate and comparative

advantage. Others are engaging in policy dialogue with partner countries to make alternative arrangements when country systems cannot be used.

12. Similarly, staff guidance and procedures on using country systems are being established, updated or rolled-out. Several donors are taking steps to increase staff awareness, and others plan specific training to build capacities of staff. This also takes place in the context of delegating authority to the field level.

Making public all conditions linked to disbursements (para 25b)

13. A number of donors already fulfil the related commitment (para 25a) of setting a limited set of mutually agreed conditions, if any conditions need to be specified. In these contexts, conditions are stipulated in documents such as cooperation agreements, MoUs and country programmes.

14. However, at the same time, only four donors specified that such information or documents are made public (para 25b). For example, the AsDB and IDB disclose all project, programme and loan documents. Others agree to make such information public, but are currently clarifying guidelines and laws on information disclosure or exploring appropriate systems to post information on websites. Others are reviewing ways to disclose information on certain conditionalities, particularly those related to policy conditions and conditionalities agreed with partner countries.

15. Several responses noted that an agreement from partner countries or from other donors are required to make information on conditions public, underlining a need for joint approaches. In this regard, the EC is currently taking steps to modify its general conditions of financing agreements to include a provision stating that both parties agree to publish the contents of the financing agreement.

16. Two donors reported that they already, or intend to, report and make public information on breaches of conditions that have caused delays or non-disbursements.

Providing full and timely information on annual commitments and actual disbursements (para 26b)

17. Nine donors report that information on annual commitments and actual disbursements, or at least tentative figures, are (or plan to be) provided through regular policy dialogues, portfolio reviews, websites, or are reported annually to the DAC.

18. Even if such information can be shared, some donors are reviewing ways to improve the quality, accessibility, as well as timing of information sharing. For example, Sweden is analysing the timing of disbursements to ensure better concurrence with partner countries' budget planning processes. Ireland is exploring ways to improve its financial systems to improve accessibility, and Germany intends to share information on achieved results.

19. Several donors have advocated a harmonised approach to meet this commitment. Four donors expressed interest in taking part in the International Aid Transparency Initiative (IATI). Donors reported that this initiative is expected to lead to the development of a common standard and format for providing such information.

Providing regular and timely information on their rolling three to five year expenditure and / or implementation plans (para 26c)

20. Fourteen donors report that they already provide regular information, including tentative figures and best estimates, on their rolling forward expenditure / implementation plans.

21. Three donors report that they are taking steps to identify ways to generate and share such information, by reviewing existing planning procedures or developing specific guidance.

22. For other donors, efforts to improve aid predictability are being introduced for certain financing modalities, or for priority programme countries and sectors. For example, Korea provides information on multi-year plans on grants and loans to priority programme countries. Australia is taking steps to provide multi-year funding to sector-focused activities, and the Netherlands is looking into providing forward-rolling commitments for budget support. Others are introducing multi-year country strategies to priority programming countries.

Design country-based action plans to implement agreements on aid effectiveness (para 28).

23. For partner countries, the AAA presents a number of opportunities for reforming and strengthening the existing action plans. Tanzania, Nicaragua and Colombia are currently assessing its aid effectiveness action plans and Joint Assistance Strategies to incorporate the AAA commitments, and identify areas in which further efforts are needed. Ghana intends simultaneously undertake the implementation of the AAA with the institutionalisation of its aid policy.

24. Fiji and Cameroon initiated a process to develop a PD and AAA action plan through broad consultation with relevant stakeholders. Steps are being taken to clarify aid relationships, and assess capacities to realise the AAA commitments.

CONCLUSIONS

25. The responses show that steps are being taken to address the immediate priorities of the AAA. However, the starting point and the urgency with which these reforms are being undertaken differ greatly among donors and partner countries. In the best cases, task forces and actions plans are being established to elaborate the AAA commitments and oversee their implementation. It is clear however, that in order to fulfil the AAA commitments, all donors and partner countries need to urgently build internal capacities and strengthen partnerships among different stakeholders.

AFRICAN DEVELOPMENT BANK

Key Steps to Implement the AAA

1. This note provides a snapshot of the African Development Bank's key steps and actions in implementing the Accra Agenda for Action (AAA) with particular reference to the following three key commitments: Developing Plans on Using Country Systems, Making Public all Conditions Linked to Disbursement, and Providing regular and timely information on rolling three to five year expenditure and/or implementation plan.

Developing Plans on Using Country Systems

2. In line with the Bank Group's commitments under the Paris Declaration, the Bank in July 2008 laid out an approach paper for enhancing the use of country systems in Bank Group operations. The Bank's approach recognises that enhanced use of country systems offers substantial operational benefits to the Bank and to borrowing regional member countries. Key areas where increased use of country systems is seen to offer particular promise includes environment and social safeguard measures; procurement; financial management; projects and programs implementation; and monitoring and evaluation. Enhanced use of country systems also poses operational challenges and the Bank will move cautiously to enhance the use of country systems and this will be applied when and if suitable within the Bank Group Operational and Policy Framework. The Bank will work with other donors to objectively assess the quality of country systems and enhance its collaboration with other donors. The Bank will engage borrowers in policy dialogue when the use of country systems becomes a challenge and agree on alternative implementation arrangements in a transparent manner and each country and operation will be considered on a case-by-case basis.

Making Public all Conditions Linked to Disbursement

3. The Bank will systematically anchor all conditions to countries' relevant national / sector and other related policies – this is the approach currently followed. Task Managers and Country Teams will continue to ensure that all conditions attached to loan/grant agreements are relevant, realistic and mutually agreed with borrowers. The new review process also provides ample opportunity to further scrutinise and ensure that the Bank fully adheres to these commitments and implement them to the maximum possible. More specifically, the practice to date is that the all conditions including those specific to disbursement are discussed and agreed upon with the borrowers at the negotiation stage and also made public by posting the full text of the appraisal report in the Bank's website – this practice is in line with the requirement of the Bank's disclosure policy.

Providing regular and timely information on rolling three to five year expenditure and/or implementation plan:

4. Indicative country allocations of available ADF resources to ADF-eligible regional member countries are determined at the beginning of the 3-year ADF-cycle and each country's allocation is then communicated to the regional member country through the Minister of Finance to be integrated into the

country's medium-term planning and macroeconomic framework. Disbursements of resources committed for individual programs and projects are effected based a schedule agreed upon with the beneficiary country during the appraisal process. The 3-year ADF –cycle allocation is determined using a three step performance based allocation process. First resources are allocated to the eligible counties using a performance based allocation formula which relates country allocations to country performance. The country performance is determined by the ratings for economic management, structural policies, policies for social inclusion and equity, governance, and country portfolio performance. Second, the country-specific financing terms, (loans, grant, or loan/grant combination) is determined using the Debt Sustainability Framework (DSF) which measures the level of debt distress in various countries; and third, the debt relief to eligible regional member countries under the Multilateral Debt Relief Initiative (MDRI) is netted-out of the countries' allocations accompanied by the re-allocation of donor replacement funds to all ADF-only regional member countries using the PBA formula. The allocations are revised during the second and third years of the ADF cycle using the same process but with revised data.

ASIAN DEVELOPMENT BANK

Steps being taken by the Asian Development Bank to implement the AAA

1. Since the endorsement of the Accra Agenda for action (AAA) the Asian Development Bank has taken various measures to implement the actions advocated in the AAA. Management has informed all Heads of departments and offices at AsDB of the relevance and importance he attaches to the outcomes of Accra and has advised them to actively pursue the goals and targets of the aid effectiveness agenda. The main thrust of AsDB's activities going forward is to work closely with partner countries, and with other development partners in-country. The intention is to localise the actions advocated in the AAA and to develop country specific programs for implementation.

2. In parallel with the OECD-DAC Monitoring Survey AsDB has been conducting its own monitoring surveys to monitor AsDB's implementation of the Paris Declaration. The results of the survey show progress on all indicators with some lagging behind others. Based on the results of the survey all offices and staff particularly at the country level are being asked to give particular attention to those indicators that are lagging behind. With regard to predictability of aid AsDB is well on its way to achieving the 2010 target. Of the four items listed in the request from the Chair of the Working Party items 2, 3 and 4 are linked to predictability and are already a regular part of the AsDB's current activities:

- All conditions linked to disbursements are listed in project and program documents which are in the public domain under AsDB's Public Information Policy as soon as the project or program is approved by the Board.
- Similarly, information on annual commitments and actual disbursements is made public on a regular basis through various documents.
- AsDB also provides regular information on expenditure and implementation plans both at the institution level (through the Work Program and Budget Framework which has a rolling three year plan) and at the country level (through the Country Partnership Strategy document which has a rolling three to five year plan).

3. Any gaps that remain in meeting these disclosure requirements are currently being pursued to ensure that all countries and programs across the region are covered.

4. With regard to developing plans for the use of country systems, AsDB has made considerable progress with regard to the use of procurement systems and financial management systems. In countries where use of these systems is feasible the systems are being well utilised. To further assist its partner countries in meeting the targets on use of country systems AsDB is working closely with the UNDP, the World Bank and the Government of Japan in developing a capacity development training program and facility to support the localisation of the Paris Declaration and the AAA in the Asia and Pacific region. The program is designed to develop a community of practice on aid effectiveness for the region, and will help determine a country specific needs based capacity development program. The core of the program is to help partner countries develop capacity to promote use of country systems and to encourage south-south learning and cooperation on the whole range of aid effectiveness issues. An initiating peer exchange meeting is planned for early February 2009 in Manila to launch the capacity development program/facility and to get inputs from the partner countries on how best to manage and conduct the program. Preparations for the February 2009 meeting are currently underway in collaboration with the UNDP, the World Bank and the Government of Japan.

AUSTRALIA

Implementation of AAA: Australia Progress Report to DAC Working Party on Aid Effectiveness (Nov 2008)

1. The Australian government is currently updating its existing aid effectiveness platform. Specific strategies are being developed to enable us to meet our international commitments under the Paris Declaration and the Accra Agenda for Action and promote and support durable development results.

Developing plans on using country systems (para. 15d)

2. Australia plays a significant role in strengthening partner systems (with an emphasis on PFM systems), and is in the process of identifying a more systematic approach to deciding when and how to increase usage of those systems. To support greater use of partner systems, operational guidance on using country expenditure systems has been developed and is now being trialled. A comprehensive stocktake of Australia's use of country systems and SWAps/PBAs is being prepared. The outcomes will inform updated operational guidance and diagnostic tools to support program areas (inc. guidance on assessing and managing fiduciary risk and selecting aid modalities). It is expected that this updated guidance will be in place by mid 2009.

3. Revised guidance for developing Country Strategies and the new Pacific Partnerships for Development (PPD) emphasises the importance of working through partners' finance, procurement and decision-making systems and strengthening these over time. PPDs were signed with PNG and Samoa in August 2008. Australia will finalise PPDs with other key Pacific partners (Solomon Islands, Kiribati, Vanuatu, Tonga, Nauru, Tuvalu), excluding Fiji, by mid 2009. Existing country strategies will be updated over the next 12-18 months.

Making public all conditions linked to disbursements (para. 25b)

4. While Australian performance-linked aid aims to support and build domestic accountability, where necessary it respects partner government preferences and sensitivities regarding publication of conditions linked to aid disbursements (i.e. in negotiating the Tonga-Australia Performance Partnership Australia agreed to Tonga's request that detail surrounding conditionality remain confidential for the first year of the partnership).

5. Australia has published the first of the PPD header documents with Samoa and PNG, and intends to make public other header documents as they are signed. These documents provide greater transparency around mutual commitments and performance objectives that both governments are working towards. Further details will be developed in working-level documents, 'implementation strategies', including details of conditions linked to disbursements. The public release of implementation strategies will be guided by the preference of partner governments. However, the expectation is that these will be shared with other donors.

6. Annual Program Performance Reports have been publicly available on the AusAID website since 2007.

Providing full and timely information on annual commitments and actual disbursements (para. 26b)

7. The new PPDs and Country Strategies will provide increased certainty of funding for partner countries, with long term four year funding commitments affirmed annually. These will be indicative base estimates, with the opportunity for increased aid assistance over time. Under these new arrangements, there will be far greater collaboration with partner countries in setting performance indicators and assessing progress.

8. Australia signed up to the International Aid Transparency Initiative (IATI) at Accra. Australia's reporting systems will be reviewed and updated where necessary once common reporting standards are adopted through the IATI process. Australia already has high adherence to current DAC reporting requirements and, with current reforms, AusAID's systems will meet most current DAC reporting needs.

9. Australia also reports on ODA through a number of publications including the Annual Review of Development Effectiveness, published around February each year, the Aid Budget Statement, published around May, as well as AusAID's Annual Report, published in the second half of the calendar year.

Providing regular and timely information on rolling three to five year expenditure and/or implementation plans (para.26c)

10. Aid allocations are determined during the annual budget process, however, Australia does share forward estimates for specific activities and programs with partner governments. As noted above, the new PPDs and Country Strategies will provide increased certainty of funding for partner countries, with long-term four year funding commitments affirmed annually.

11. Australia has commenced a number of sector-focused initiatives (i.e. Education and Health Budget Measures) with, in most cases, multi-year funding commitments. These initiatives provide for more certainty in forward budgetary allocations.

BELGIUM

1. Belgium will, as a general rule, use a four year indicative program. Those plans are discussed in joint commissions held every four years. On this occasion, Belgium engages in a political dialogue with its partner countries. In the recently held joint commissions, Belgium took the opportunity to discuss with its partners the concentration of its programmes in only 2 sectors. Decisions on concentration have been taken for more than 50% of our bilateral programs.

2. Additionally, much work will be undertaken to update the format of the instructions on the preparation of the development cooperation programs at country level, so that they take into account the (para.15d, 25b, 26b and 26c). Input for this exercise will be given by a lessons learned paper on the recently held joint commissions of 2008.

Para 15d and para 25b

3. We are designing programming instructions for country representatives to engage in a dialogue with partner countries on how the use of their country systems in the chosen sectors will be best met, based on former and current Belgian development activities and joint donor analysis (para 15d). This will be an opportunity to discuss the risk management and disbursement conditions of the identified activities and how to make public conditions linked to disbursements (para 25b).

Para 26b and para 26c

4. The actual programming uses a system of frontloading commitments in the first two years of the program cycle. These commitments will be discussed, planned and agreed with the partner during the mixed commissions and are mentioned in the indicative cooperation programs. Frontloading of commitments will be generalised to all the Belgium partner countries (para 26b).

5. In the case of budget support, annual disbursements are the rule. Conditions linked to disbursements are agreed on in advance, analysis is based on the EC-analysis.

CAMEROON

Key steps taken to implement the AAA in Cameroon

1. The Ministry of Economy, Planning and Regional Development has designed a Paris Declaration Operation Plan which defines the guidelines of the roles and responsibilities of all the stakeholders (Government, development partners, Civil Society Organisations and Parliament), and the nature and the form of the relationship between those stakeholders, in the implementation of all the agreements on aid effectiveness.
2. The key components of this Operation Plan are as follows :
3. Elaboration of :
 - A Long Term Strategic Partnership Vision;
 - A Harmonisation Plan;
 - A national Capacity Development Strategy;
 - Performance Indicators in line with the Result-Oriented Management and the Mutual Accountability;
 - An Aid Information Management System within the framework of the implementation of an Aid Database;
 - Sustainable Improvement of the Aid Absorption Capacity in Cameroon.
4. This Paris Declaration Operation Plan was examined at a workshop organised on the 5th November 2008 at Yaounde by the Ministry of Economy, Planning and Regional Development. All the stakeholders (all the line Ministries and other public administrations, parliamentarians, Civil Society Organisations, development partners) attended the workshop and expressed their views and comments on this document. The document shall be validated on December 2008 in order to start guiding the development partnership in Cameroon as from January 2009.

CANADA

Cida's actions to implement the accra agenda for action

1. The 2008 High Level Forum provided deeper understanding by donors and recipient countries of the way aid should be delivered if it is to become more effective in eradicating poverty. It also offered an important prospect of advancing towards a model of aid that is more effective, accountable and transparent. Canada is taking concrete steps in this direction.

2. As a first step, the Government of Canada immediately announced its policy to fully untie its development assistance by 2012-13. Furthermore, based on clear management commitment to implement the reforms agreed in Accra, CIDA is working to finalise an action plan to guide implementation of the Paris Declaration and Accra Agenda for Action, addressing among other matters, the priority areas of: developing plans on using country systems; making public all conditions linked to disbursements; and providing full and timely information on annual and multi-year commitments.

Developing plans on using country systems

- Canada's support for local ownership is complemented by an active commitment to help partner countries strengthen their management capacity and their systems' transparency and reliability.
- Canada's conditions for use of country public financial management systems are largely defined by its Policy on Fiduciary Risk Assessment (Funding Modalities Based on the Use of Public Financial Management Systems of Recipient Countries). This policy also encourages the use of joint assessment tools, in particular the Public Expenditure and Financial Accountability (PEFA) framework.
- The forthcoming Action Plan will include references to the use of country systems, encouraging their use to the maximum extent possible (i.e., where agreed standards of transparency and reliability have been achieved). Under this Action Plan, CIDA will: review existing policies and procedures from an aid effectiveness perspective; provide the necessary supports to programme staff to facilitate capacity development in strengthening country systems (e.g. Policy and Operational Guide on Programme-Based Approaches); and link commitments to aid effectiveness to staff performance agreements.

Making public all conditions linked to disbursements

- CIDA does not use its own conditions within its bilateral development program other than those agreed and transparent conditions that focus on country conditions, results and performance. The same applies to joint efforts to help strengthen country systems, where agreed conditions (pursuant to

the Paris Declaration) are linked to progress in implementing reforms to improve their effectiveness and transparency. In multi-donor contexts, these conditions are harmonised to the maximum extent possible.

Providing full and timely information on annual commitments and actual disbursements and on rolling three to five year expenditure and/or implementation plans

- Canada's Aid Effectiveness Agenda incorporates multi-year allocation strategies and, as expressed in the Canadian Statement released in Accra, Canada will take concrete steps to improve transparency of multi-year disbursements.
- To reinforce a new aid relationship for effectiveness, CIDA has approved 3-year comprehensive expenditure plans to 2010-11 for our countries of focus (representing 80% of bilateral assistance).
- This will also facilitate CIDA's ability to confirm on an annual basis, starting in 2008-09, estimated country programme commitments for those countries, and disburse funding in accordance with agreed performance objectives and schedules, as well as in a format and along timelines that respect the individual partner country's budgeting schedule.
- New reporting requirements under the recently enacted *ODA Accountability Act*
- Release of a new report series entitled "Development for Results"

COLOMBIA

Implementation of the Paris Declaration in Colombia

1. Since 2003 the Colombian government begun a dialogue with representatives from civil society and international community with the aim of defining national priorities regarding international cooperation and regarding the consolidation of its complementarities to national development efforts.
2. Since that year the National System of International Cooperation has been consolidated as a mechanism to coordinate public and private institutions both at the national and regional levels.
3. Colombia adheres to the Paris Declaration in November 2007. The international community present in the country (represented in the G-24) commits itself to participate in the processes and mechanisms that the Government of Colombia defines to implement the PD.
4. In December 2007 the government of Colombia made a draft of the PD implementation plan. This document was shared with donors on February 4 when we had our first meeting regarding the PD 2008 Survey.
5. In January 2008 the Presidency of the Republic published the “Presidential Directive No. 1” on International Cooperation Coordination. This Directive calls on all national and territorial institutions to actively participate on the Implementation plan of the PD and to articulate their cooperation demands with the priorities set in the 2007-2010 National Strategy of International Cooperation¹.

National Advancements

6. During 2008 the Government of Colombia has advanced a series of actions aiming at:

Increase national and local ownership of the National Strategy of International Cooperation

7. Broadcast the Strategy among Ministries and other national institutions
8. Consolidation of Departmental Cooperation Committees that generate territorial cooperation plans closely linked with the national strategy

Move forward on cooperation thematic alignment and harmonisation with the Strategy

9. Periodic meetings between regional authorities and donors to present their development programs and cooperation priorities
10. Thematic coordination exercises on the Strategy priorities. This has allowed the creation of several cooperation programs that have improved coordination among donors.

¹ The National Cooperation Strategy is the result of an extensive consultative process with civil society, donors, and regional representatives

Strengthening national capacity to channel resources through government institutions

11. Elaboration of a study that identifies the main challenges faced by governmental institutions and donors in order to channel resources through national systems.
12. Work with the National Planning Department and the Ministry of Finance in order to implement the necessary actions and measures to facilitate the use of national systems by aid resources.
13. Contact with main donors in order to define the most adequate route to guarantee the use of national systems.

Develop an Aid Monitoring and Evaluation System

14. We have started to design a unique mechanism with criteria and tools for aid M&E.

Promote mutual accountability

15. Organisation of the National Consultation on Civil Society and Aid Effectiveness, preparatory for the III HLF with governmental participation
16. Workshop on the implementation of the PD among the activities of the London-Cartagena-Bogotá Process, with participation from donors, CSOs and government representatives.
17. Design of an International Cooperation observatory for Colombia, led by the academy and CSOs.

Division of labour/new architecture

18. Inclusion of effectiveness criteria in the negotiation of bilateral south-south cooperation programs in 2008.
19. Definition of triangular cooperation programs with some donors
20. Creation of scenarios for regional dialogue on the importance of SS Cooperation and the role of Middle Income Countries in the new aid architecture and in the support of partner countries.

Current situation

21. The Government of Colombia is adjusting the Implementation Plan of the PD taking into consideration the results of the 2008 survey and the AAA Commitments. During 2009-2010 we should achieve improvement in:

Use of national systems by donors

22. Most aid in Colombia is currently channeled through international NGOs and multilateral organisms. As a result of the consultations that are being held with donors and national institutions we could define the way to channel aid through governmental institutions.

Registration of aid resources in the national accounting systems

23. Governmental institutions must strengthen their capacity to efficiently administrate aid resources. They have to make the necessary adjustments in their accounting systems to differentiate ODA from other donations.

Increasing use of Program Based Approaches

24. It is necessary to work on the simplification of donor procedures

Evaluation of aid results

25. It is important to be able to measure aid results trough the implementation of joint M&E mechanisms.

26. We have to work with donors in the creation of middle term frameworks that define priorities, modalities, goals and expected outcomes.

Aid accountability

27. It is necessary to maintain the multi stakeholder dialogue with CSO's and international community on the aid issue. The government wants to apply to the aid agenda the principles of the NGO's network for transparency.

Perspectives

28. The adjusted implementation plan will be presented to the international community present in Colombia in order to guarantee their commitment and participation.

29. Is it of the utmost importance that donors understand that a great number of commitments depend directly on them, therefore their participation is crucial for the implementation.

30. Institutional reforms are required, especially regarding the accounting and planning issues, it is very probable that these reforms will require legal adjustments.

DENMARK

Denmark's follow-up on the Accra Agenda for Action

1. Denmark's development cooperation policies, its performance management framework and the guidelines and procedures have to a large extent already taken account of the needed actions identified in the Accra Agenda for Action (AAA). It has however been decided to use the opportunity of the AAA to review the aid management guidelines to ensure greater consistency, explicit reference to the AAA and enhance the usefulness of the guidelines for staff who are to implement them.
2. This "post Accra reform" of Danish guidelines will cover the full AAA agenda. A participatory process, involving all Danish representations, will seek not only to integrate the AAA fully in the guidelines, but also to use the opportunity to make the guidelines an even better operational tool for practitioners. It is expected that the modified guidelines will be in effect within first quarter of 2009.
3. For the AAA actions noted for 'immediate start' the following specific steps have been taken:

Developing plans on using country systems (para. 15d)

4. Denmark adheres to the overall Nordic+ Joint Action Plan on alignment. At country level each Embassy has over the course of the last years developed a 'Harmonisation and Alignment Action Plan' which include furthering alignment through specific actions for using country systems.
5. Denmark has in June 2008 established the use of sector budget support as the default modality for programming of Danish development assistance (this implies using country systems, ref. para.15 a). Should sector budget support not be used as a modality, the reasons should be made clear and a plan for furthering alignment (para. 15.b) should be made. Whilst this principle has been established in Danish programming, the concrete tools for defining threshold values for standards still remain to be defined precisely. A task group will work on this issue over the next months to establish a concrete proposal for an interim yardstick. It is evident, however, that joint work should be pursued to establish an agreed standard (15.d), which eventually will replace the Danish system.

Making public all conditions linked to disbursements (para. 25b).

6. Any conditions linked to development disbursements are either embedded in the underlying government agreement or in such documents as policy matrixes related to general budget support.
7. Providing full and timely information on annual commitments and actual disbursements (para 26b).
8. Danish representations are, since 2005, required to provide information through their websites on the development activities, including disbursements.

Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans (para 26c).

9. Danish disbursement and commitment data are published in the national budget and five-year rolling plans. Danish representations provide quarterly disbursement data through their websites and rolling five-year commitment plans in connection with high level consultations.

10. For the above three issues, it is acknowledged that, at present, guidelines are not sufficiently clear on how to make this information available to the general public. In connection with the post Accra reform of Danish guidelines, guidelines will be established to this effect. It is expected that these will be in effect within the first quarter of 2009.

EUROPEAN COMMISSION

Progress by the European Commission (EC) against the DAC priority areas of the AAA

Priority 1: Developing plans on using country systems

Action implemented

1. The EC is on track to achieve the Accra target of channelling 50% of government to government assistance through country systems. To meet the Paris targets on use of country systems, the EC approved a strategy in September 2007 to increasingly use country systems for its development assistance. For example, we have already:

- Instituted an internal information system to annually monitor progress on use of country systems across all our country offices;
- Examined the legal possibilities of extending the use of partner country budget execution, procurement, reporting and auditing systems;
- Assessed budget support projections to 2013; and
- Ensured a high level of staff awareness about the objectives of increased use of country systems.

Action to be implemented

2. We anticipate major actions in 2009 to implement the remaining areas of the strategy as well as to clarify concepts and develop approaches and tools for implementing decentralised management where applicable, in order to increase use of country systems.

Priority 2: Making public all conditions linked to disbursements

Action implemented

3. It is already the EC's general practice to agree with the partner country on a set of mutually agreed conditions based on national development strategies. The Commission is also jointly assessing donor and developing country performance in meeting commitments.

Action to be implemented

4. All Financing Agreements dealing with EC-funded budget support programs should be made available to the public via internet. General Conditions of the Financing Agreements need to include a provision stating that both parties agree to the publication of the Financing Agreement. As soon as the modification is in force, the EC will ensure the systematic publication on EuropeAid's website.

Priority 3: Providing full and timely information on annual commitments and actual disbursements*Actions implemented*

5. The EC delivers on an annual basis (July N+1) Official Development Aid statistics to OECD through reports covering bilateral and multilateral flows financed through EC Budget, European Development Funds and the European Investment Bank. These reports are composed of: 1) Aggregate figures of Official Development Aid (through 7 OECD forms); 2) Project-level reporting following new converged reporting system.

6. The EC performed a scaling up survey by reporting on end 2007 the country programmable aid covering the three years' forward period (2008, 2009, 2010). This report is an estimate of ODA disbursements by all beneficiary countries and by thematic lines based on Financial Programming 2007-2013 and on the programming documents per country/region (National and Regional Indicative Programmes).

Action to be implemented

7. A similar scaling up survey will be performed in the first quarter of 2009.

Priority 4: Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans*Action implemented*

8. EC bilateral cooperation worldwide is already implemented through multi-annual programming documents whose sectoral priorities are defined jointly with each developing country. These documents are available on the Internet. National Indicative Programmes set out the indicative budget for the forward three years period 2007-2010; for the African, Caribbean and Pacific countries, who benefit from the European Development Fund, they cover the period until 2013. Within this period, regular and timely information on expenditure is secured, as well as within the following programming period.

9. The scaling survey described previously made a summarised estimate of all EC disbursements by the beneficiary countries over the period 2007-2010.

Action to be implemented

10. Bilateral programming documents covering the next period 2011-2013 are being prepared by Commission's services and will be made publicly available through internet once approved.

11. The next scaling up survey, similar to the one performed in 2007, and addressing the period 2011-2013 will be conducted by OECD in the first quarter of 2009.

FIJI

Fiji Perspective Accra Agenda for Action – paragraph 28 (for Developing Countries)

1. “We encourage developing countries to design country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action. We recognise that these commitments will need to be adapted to different country circumstances including in fragile states, small states and middle-income countries.”

Fiji’s Perspective

2. Fiji is currently in the process of putting together its action plan that will endeavour to capture the main thrust of the Paris Declaration and the Accra Agenda for Action - addressing issues such as ownership of development programmes by developing countries, alignment of development programmes to Government priorities, capacity to manage development programmes, etc. What exists in the Government’s Overseas Development Assistance Unit is simply a loose structure that is being followed. A proper action plan will provide some guidance on how development assistance can be best measured, utilised, monitored and evaluated.

3. A guideline as well as an evaluation framework is currently being developed. It is envisaged that the information that will be supplied to the ODA Unit will assist MFNP identify where aid funds have been expended, how much, the likely recipients and if guidelines as per MOU or Agreements have been followed. Moreover, the information gathered should state whether aid funds provided are consistent in meeting GOF priorities as articulated in the sector specific outcomes based Key Performance Indicators as specific in Government’s Strategic Development Plan document.

4. From this information gathered, we should be able to identify weaknesses in our country systems and address them appropriately, evaluate impacts of outcomes, assist in the provision of policy advice, etc. The aim is to start aid management and administrative restructure and build up a framework which is relevant to Fiji’s economic development.

5. Once all this information is on hand, ODA Unit should be better informed to see how we can best steer the aid process forward, in terms of looking at how ownership can really be a Fiji-driven process, how alignment can be structured so that it is consistent with key GOF priorities and not priorities of donors, how a harmonisation framework will work for donors so the recipient, GOF is able to capture the maximum benefit of development assistance, etc.

6. Like all frameworks that need to be measured, a suitable time-frame/time-line needs to be put in place to ensure that key outputs are delivered when they should and in sequence – not ad hoc as is the current practice now.

7. Moreover the framework to be developed should be able to generate the relevant information on development assistance that it can be used for planning purposes – for eg, Government’s Strategic Development Plan – Strategic Economic and Empowerment Development Strategy, the Public Sector Investment Programme (PSIP) and Ministry Corporate Plans and Work Plans. At this moment, there are no clear linkages to the preparation of the PSIP and information from ODA Unit in putting this together.

FINLAND

Reviewing key steps in implementing the AAA, Finland

General

1. Work to implement the Accra Agenda for Action has begun in the Ministry for Foreign Affairs in Finland. An inter-departmental working group on aid effectiveness was set up in 2005 and it is preparing and coordinating the implementation of the commitments of the Paris Declaration and the AAA. All departments responsible for development policy and cooperation are represented in the working group which is led by the Department for Development Policy.
2. To the extent changes need to be made we will ensure that existing procedures and guidance are updated. This manner of proceeding is preferred to creating completely new guides, strategic policy papers etc.
3. Despite progress made between the first and the second monitoring surveys and even already having reached some of the targets further work needs to be done in up-dating procedures and guidance and ensuring guidance is user-friendly as well as ensuring implementation and training throughout the organisation.

Developing plans on using country systems (para. 15d)

4. Increasing the use of country systems is considered one of the most urgent priorities in implementing the AAA.
5. The aim is to create clear guidance on using country systems. Plans have been made to compare the work done on the use of country systems by different regional units (including the field level) - and to analyse factors crucial for progress. Use of country systems also when working in the project mode will be analysed and good practices integrated into guidelines on project management.
6. Results from the Paris declaration second monitoring exercise are being carefully analysed as country chapters become available.
7. Attention will be paid to making progress internationally on all forms of use of country systems, not only PFM and procurement but also for example environmental and social assessments.
8. Intensified training on using country systems will be provided.

Making public all conditions linked to disbursements (para. 25b)

9. An internal working group on conditionality is studying contract models, guidelines and other relevant documents. Conditions related to disbursements as such are already public (the mentioned documents are public). More work is needed to have a more systematic reporting on breaches of conditions that have caused delays or non-disbursement.

10. Common international work on conditionality is important.

Providing full and timely information on annual commitments and actual disbursements (para 26b)

11. Work will be done with regional departments and country offices to ensure compliance and identifying bottlenecks.

Providing regular and timely information on rolling three to five year expenditure and/or implementation plans (para 26c)

12. Information on basic administrative procedures is being redrafted to adopt AAA-language and spirit. Administratively the use of commitment authority ensures good forward expenditure planning (the system has been used for a long time).

13. Specific new guidance is needed on providing (time, form) the information

FRANCE

Point d'étape sur la mise en œuvre du plan d'action d'Accra (AAA).

1. **Concernant les plans à faire connaître sur l'utilisation des systèmes nationaux dans toutes les interventions d'aide au développement** (AAA, §15 d/), le Plan d'action français pour l'efficacité de l'aide est accessible au public².
2. La troisième des douze propositions de ce Plan concerne l'utilisation des systèmes nationaux.
3. Le plan recommande dans la mesure du possible le recours aux systèmes nationaux et les systèmes locaux de passation de marché. En appui à la maîtrise des systèmes nationaux de finances publiques, la France promet un appui au renforcement des capacités nationales. Dans cette logique, un document d'orientation stratégique sur le renforcement des capacités applicable à l'ensemble de l'aide publique au développement (APD) française est en cours d'élaboration ; deux études préalables sont en cours de réalisation par le Ministère des Affaires étrangères et européennes (MAEE) et l'Agence française de développement (AFD).
4. La France a élaboré deux notes de doctrine, une sur les aides budgétaires globales, l'autre sur le risque fiduciaire.
5. Par ailleurs, la mise en place des financements de l'AFD se fait en utilisant les procédures nationales³ : maîtrise d'ouvrage locale des marchés, utilisation du code national des marchés publics (quand il est pertinent), déboursements sur demande du bénéficiaire,....
6. Conformément à la onzième proposition du Plan d'action français, l'AFD met en œuvre un programme de formation sur l'efficacité de l'aide. Par ailleurs, le MAEE et l'AFD ont mis au point un programme de formation « gestion des finances publiques », incluant un module PEFA, en faveur du personnel du dispositif français d'aide, des administrations nationales et des bailleurs intervenant en milieu francophone.
7. **Concernant la publication régulière (et immédiatement applicable) de toutes les conditions intéressant les versements** (AAA, §25 b/), l'AFD, qui est tenue au secret bancaire, examine actuellement, dans le cadre de sa politique de transparence,⁴ les modalités de publication de toutes les conditions intéressant les versements, notamment :

- les conditions générales relatives à la gouvernance, au respect des droits de l'homme etc.

² http://www.diplomatie.gouv.fr/fr/actions-france_830/aide-au-developpement_1060/debats-internationaux_5157/efficacite-aide_5161/index.html

³ Procédures de passation des marchés de l'AFD en ligne : <http://www.afd.fr/jahia/Jahia/lang/fr/home/Entreprises/pid/1868>

⁴ <http://www.afd.fr/jahia/Jahia/home/PolitiqueTransparence>

- toute conditionnalité faisant l'objet d'un accord avec le gouvernement concerné, à l'instar des Mémoires d'entente qui sont accessibles au public (cas du Mémoire d'entente santé au Mozambique), conformément aux principes du AAA auxquels ont souscrit donateurs et pays en développement.

8. **Concernant la communication des informations complètes et à jour sur les engagements annuels et les versements réellement effectués permettant aux pays en développement de procéder à leurs estimations budgétaires et à alimenter leurs systèmes comptables** (AAA, §26 b/), la France consolide la mise en œuvre de l'une des recommandations sur la prévisibilité de l'aide de son plan d'action :

- A travers les Documents cadres de partenariat (DCP), la France s'engage à améliorer les prévisions de versement pour l'année en cours et sur 5 ans ;
- l'AFD met en ligne sur son site institutionnel les projets approuvés par son conseil d'administration. L'Agence s'efforce de faire en sorte, notamment pour les aides budgétaires, que les décisions d'octroi soient suffisamment anticipées par rapport au cycle budgétaire du pays bénéficiaire.

9. **Concernant les plans pluriannuels de dépenses et de mise en œuvre sur trois à cinq ans** (AAA §26 c/), les Documents cadres de partenariat répondent à l'exigence de prévisibilité à moyen terme à travers une annexe de programmation indicative sur 5 ans incluant une procédure de révision à mi-parcours. Par ailleurs, la France a adopté une Loi de programmation budgétaire pluriannuelle (2009-2011) qui donne pour la première fois à la politique d'APD une perspective budgétaire à moyen terme.

GERMANY

Key Steps Taken on “Beginning now Issues” of the AAA: Germany

1. Since Accra, Germany Development Cooperation is in the process of drafting a road map for action to direct the implementation of the Accra Commitments. The road map is not only based on the AAA but on the results of the Paris Declaration Monitoring Process and the Results of the OECD DAC Evaluation on implementing the Paris Declaration as well. It contains a set of ambitious actions and time limits. With respect to the four priority actions, the following actions will be undertaken:

Art. 15d: Developing plans on using country systems.

2. Until September 2009, Germany will identify the main impediments and best practices as regards the use of country systems in financial management, procurement, auditing, monitoring and evaluation, gender assessment, and social and environmental assessment. A comprehensive proposal for alignment, based on the results of this analysis, is planned to be available in December 2009.

Art. 25b: Making public all conditions linked to disbursements.

3. Germany will endorse processes which support the publishing information on the conditions set out in Performance Assessment Frameworks (PAF). However, public disclosure is only feasible if partner countries and other participating donors agree.

Art. 26b: Providing full and timely information on annual commitments and actual disbursements

4. Germany committed to strengthening and promoting transparency by co-founding the International Aid Transparency Initiative (IATI). Germany will share with partner countries information on commitments, actual disbursements and, if existent, achieved results from mid-2009 on. On the other hand, as the IATI points out, it is imperative to develop common standards and format on the provision of information. To this end, Germany is committed to work in the Steering Committee and in the Technical Advisor Group of IATI.

Art. 26c: Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans

5. Germany will improve the predictability of aid by providing data - timely, regularly, and on a rolling basis - about projected disbursements and their intended use in the next 3 to 5 years. Until March 2009, it will be analysed how to generate and share this information and how existing planning procedures will have to be adapted. The data will be made available to partner countries as from 2010. Furthermore, Germany will push for similar standards of data provision on projected expenditures within multilateral institutions.

GHANA

1. As host country for the 3rd High Level Forum on Aid Effectiveness, Ghana is committed to the successful implementation of the Accra Agenda for Action (AAA). The Ministry of Finance and Economic Planning has recently carried out internal consultations on the implementation of the AAA.

Global dialogue

2. The Contact Group convened and chaired by Ghana in the preparations towards the HLF played an important role in coordinating the positions of partner countries and was instrumental in negotiations of the AAA. To promote the positive momentum created at Accra, Ghana is committed to sustaining the consultative efforts among partner countries and to develop it further. It is ready to support the host of the next HLF in assuming the position of Vice-Chair of the Working Party on Aid Effectiveness (WP-EFF).

Regional position:

3. Implementation of the AAA in Africa is a test for the aid effectiveness agenda. To make strides in implementation of the AAA on the continent, it is important to build the capacity of national institutions and maintain exchange of experience. Ghana would like to support the establishment of stronger links between work done on aid effectiveness and lessons learnt in global and regional fora, as well as in the OECD-DAC and from practitioners around the continent. A structured community of practitioners could help in exchanging knowledge and building continental consensus on critical policy issues.

Implementation at national level

4. The AAA presents a number of opportunities for reforming and strengthening the aid environment at the country level, through its focus on inclusive aid architecture, capacity development, strong commitment to the use of country systems and better aid delivery mechanisms. The start of the implementation of the AAA will coincide with finalisation of Ghana's aid policy, which gives an opportunity to institutionalise its implementation structures. The Ghana Harmonisation Action Plan (G-HAP), driving the aid effectiveness agenda for the last few years will be updated to reflect the issues and opportunities of the AAA. A core team derived from the technical committee that worked on preparations for the HLF and including the relevant representatives of Government and civil society will remain operational, providing guidance on and oversight of the implementation process.

5. The Government of Ghana would like to pursue its interest in issues relating to capacity development through an active and structured dialogue with its development partners in support of its own capacity development initiatives. In this sense, the implementation of the AAA could focus on the development of a national comprehensive framework on capacity development, with plans from Ministries, Departments and Agencies feeding into it. It would build on past and present experiences of programmes to support capacity development including Manpower Development Policy, National Technical Cooperation Assessment Programme and Public Service Reform. The Government of Ghana will continue its efforts on promoting "aid on budget", strengthening the dialogue with development partners, collaboration with CABRI and developing clear guidelines on the use of national PFM and procurement systems. One of the critical issues the Government wants to tackle post-HLF is that of conditionality, especially in times of financial crisis when a greater extent of flexibility in financing will be required to

meet development challenges. On mutual accountability, special checklists and performance assessment frameworks will be jointly developed by Government with its development partners, in order to make the accountability concept more operational. Finally, in order to implement the AAA successfully, intensified measures will be required to strengthen the capacity of the relevant Government bodies through training, knowledge management and information sharing; and the Government of Ghana counts on the support from its development partners to achieve this.

GREECE

Developing plans on using country systems

1. Firstly, it is worth mentioning that a thorough study and analysis of the AAA took place in Hellenic Aid with the involvement of all competent services. The highlights of the important issues, of special concern for Greece and its development cooperation policy, were communicated to all other Greek agencies dealing with development cooperation as well as to our diplomatic missions in priority countries.

2. Secondly, regarding our plans for country systems use, although Greek development cooperation system is still very centralised - in the sense that not only all decisions are taken in Athens but also that Greek systems are used for the implementation, management and monitoring of all projects - we are gradually moving towards a further involvement of our diplomatic missions in the development cooperation policy. According to the new five year plan under examination by the political authorities, a number of development officers are scheduled to be established in selected priority countries, which we will allow us to make progress on this really very important commitment.

3. Lastly, we underline the increased importance attached to our cooperation with other donors, states and multilateral organisations, so as to continuously multiply the opportunities for division of labour, thus managing, by joining forces, to further fulfil the challenging commitment of using country systems.

Making public all conditions linked to disbursements

4. Referring to the equally important issue of conditionality, Greece does not impose any unilateral conditions regarding the financing of projects. Direct budget support or sectoral budget support have not been frequent used practices up to now. In all existing bilateral agreements with partners, all conditions mentioned are based on mutually agreed development goals, and performance targets, mainly drawn from partner countries own strategies and policies.

Providing full and timely information on annual commitments and actual disbursements

Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans

5. A new Five-Year Development Cooperation Programme 2008-2012 is in the process of political adoption. This Programme constitutes a strategic framework for the delivery of aid, containing basic principles and guidelines, priority countries and sectors and annual allocation of funds. More importantly, the draft in question incorporates the 2006 DAC Peer Review recommendations. In all, the draft Programme strives to facilitate the implementation of the Paris Declaration commitments.

6. Furthermore, eight Country Strategy Papers, operationalising the above Programme, have been prepared with a view to better integrating the Aid Effectiveness Agenda into Greece's system of development cooperation.

7. Programming as such, especially in the above mentioned new Five-Year Development Programme follows basic choices such as concentration of aid in order to avoid dispersal of aid and, thus, to ensure development results. Focal countries have been reduced to eight and priority sectors per country have been limited to maximum three. The fact that the 5-year programming sets clear intervention areas to be financed with allocations, albeit indicative for flexibility purposes, covering the total of the programming period increases predictability of aid.

INTER-AMERICAN DEVELOPMENT BANK

Key steps taken at the IDB to implement the Accra Agenda for Action

Developing a strategy to promote use of country systems and capacity building plans

1. The IDB is aiming to enhance the role of country systems in encouraging country ownership of its development agenda and facilitating the alignment of Bank programs with countries' priorities, leading to sustainable results. A new approach for increasing the use of country systems is based on a comprehensive strategy that seeks for enhanced country focus and knowledge transfer, and integration of strategic planning, public financial management, procurement, statistics, environmental assessments, and monitoring and evaluation systems in Bank interventions as an integral part of the overall country and capacity building strategies. The Bank will continue to participate in and/or sponsoring joint assessments of country systems, using mutually agreed and internationally accepted diagnostic tools. , the Bank is developing a set of criteria that will provide countries with a clear guideline on the relevant aspects of their country systems for the Bank to use them, particularly in the area of financial management and procurement. The Bank will clearly determine use within the Country Strategy based on these criteria, and further set benchmarks for increased use. In addition, joint action plans, agreed with the country and in collaboration with other donors -whenever possible-, for strengthening country systems will be designed with a broader scope than Bank use, and within a targeted and country-tailored approach, depending on the nature and development of each particular system.

Making public all conditions linked to disbursements

2. The Bank establishes conditions for its loan disbursements in agreement with the government of the country and these are made public through the publication of all loan documents in the Bank's website (www.iadb.org).

Providing full and timely information on annual commitments and actual disbursements

3. The Bank includes information regarding commitments and disbursements in its Country Strategies with Partner Countries and this information is frequently updated with partner's senior officials as part of the Programming and Portfolio review process.

Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans

4. The Bank's agreed financial envelope covers the period of a Country Strategy (3 to five years depending on the political cycle) and is updated yearly to be incorporated into the country's annual budget estimates.

IRELAND

Ireland's follow-up on the Accra Agenda for Action

1. Ireland's Action Plan(2008-2010) in response to the Paris Declaration captures many of the elements of the Accra Agenda for Action (AAA). In the coming months, this action plan will be updated and refined further to ensure that all actions at a policy and implementation level across the organisation advance the AAA.
2. A new Policy and Planning Section has been established. This will have oversight of the implementation of the Accra Agenda for Action and will work with other sections to ensure that annual business plans monitor implementation of the commitments in the AAA.
3. We have undertaken an analysis of our performance on the Second Round of the Paris Declaration Monitoring Survey. The 2010 target has been achieved on 6 of the Paris indicators. We are following up with Country Programme offices on individual country performance to identify obstacles and actions which need to be taken to address these. Working sessions on the results of the Monitoring Survey and implications for policy and planning are planned.
4. New guidelines for Country Strategy Papers provide guidance on aid effectiveness and training on these (which includes the implications of the AAA), is being rolled out at HQ and field level. Further work is planned on developing guidance notes on the key commitments in the Accra Agendas for Action.

Specific Areas for immediate action:

Developing plans on using country systems (para. 15d)

5. Ireland has performed well in the Paris Declaration Monitoring Survey on use of country systems. New requirements for Country Strategy Papers stipulate that all programmes must adhere to the principles of the Paris Declaration. Issues such as alignment with country systems and how we can contribute to systems development and strengthening is then analysed and discussed as part of the planning and approval process. A staff guidance note will be developed on use of country systems in line with the commitments in the AAA.

Making public all conditions linked to disbursements (para. 25b).

6. Conditions for disbursement are contained in the joint memorandums of understanding between donors, including Irish Aid, and partner countries. Further work will need to be done in providing guidance on conditionality.

Providing full and timely information on annual commitments and actual disbursements (para 26b).

7. Indicative figures for 3 to 5 years are provided to the partner government in the Country Strategy Paper. Annual figures are provided in time for inclusion in the annual budget of the partner country budget in most programme countries. We are also examining how we can improve our own financial systems to make information more accessible.
8. Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans (para 26c)
9. Ireland's global aid budget is published in the national budget and expenditure accounts. Country Strategy Papers for Programme Countries set out an indicative five year budget projection which is firmed up in line with the three year rolling MTEF's of partner countries.

ITALY

First steps taken to implement priority actions outlined in the AAA

1. Italy is strongly committed to the aid effectiveness agenda. The following steps have been taken to implement priority actions outlined in the Accra Agenda or Action finalised at the Third High Level Forum on aid effectiveness:

- Creation of a Task Force headed by the Director General for Development Cooperation for the definition of an aid effectiveness action plan and for introducing policies, systems, procedures and a time-frame for the implementation of the AAA.
- After approval by the Parliament, of the national budget for 2009 which introduces, for the first time, a multi-year planning system with related financial allocations for the period 2009-2011, definition by the General Directorate for Development Cooperation of the Ministry of Foreign Affairs of a triennial strategic plan “Strategic and Programmatic Guidelines for the Period 2009-2011” (to be submitted for approval to the Comitato Direzionale per la Cooperazione allo Sviluppo on December 9th 2008). The preparation of the Guidelines has involved all relevant Ministries dealing with development cooperation related issues, local authorities (i.e.Regions and Municipalities) and CSOs. The document contains priority countries and sectors and indicative financial allocations on a triennial basis. Such document and the related country specific planning documents to be subsequently defined, will improve predictability in the provision of aid flows and permit to progressively provide full and timely information on annual commitments and disbursement.
- Revision of the operational procedures of the financing modality for the use of country systems (art.15 of Italian Development Cooperation Law) to streamline procedures and to allow the definition of country specific agreements for the use of country systems for the overall Italian programme in partner countries.
- Reduction of the number of sectors and/or programmes/projects supported by Italy to concentrate on areas where Italy has comparative advantages in terms of knowledge and/or experience. (in progress)
- Revision of administrative modalities to allow delegated cooperation. (in progress)
- Progressive increase in allocations for programme based aid, in particular budget support.
- Establishment of a technical working group with the Ministry of Finance for coordination on ODA issues. Other Ministries dealing with ODA issues will be progressively involved.
- Establishment of a consultation process with civil society organisations for the implementation of the AAA.
- Elaboration of operational guidelines on the use of Budget support, Sector Budget Support and Pool Funding.
- Dissemination of relevant policy guidelines to Embassies and country offices for the definition of country-specific strategies for aid effectiveness.

JAPAN

Capacity Development (para14)

1. Japan is committed to support Capacity Development of partner countries. Japan aims at the capacity development not only for the aid effectiveness but also for “graduation from aid” and “self-reliance” of partner countries.
2. Japan will continue to work with partner countries in further reinforcing support to their efforts on operationalisation of recommendations of CD Joint Study which was conducted by partner countries, JICA, and other donors prior to the Accra HLF.
3. Also, Japan will continue to facilitate South-South Cooperation.
4. Japan, along with ADB, UNDP, and the World Bank, is preparing for capacity development in the Asia Pacific region for localising Paris Declaration and AAA commitments.

Country System (para15d)

5. Japan is ahead in using country system and already achieved the target stated in AAA. Japan continues the effort and will also contribute to strengthen the country system for the possible further use.

Conditionality (para25b)

6. Japan imposes no conditionality linked to disbursements except for Budget Supports and limited cases of policy lending. The conditionality for these projects is drawn from national development strategies, and jointly assessed by donors and partner countries.

Information on Annual Commitments and Actual Disbursements (para26b)

7. Japan provides disbursement information through existing Creditor Reporting System (CRS).

Information on rolling three to five year expenditure and/or implementation plans (para26c)

8. Japan is seriously studying how to provide information on rolling three-year forward expenditure and/or implementation plans, with at least indicative resource allocations.
9. The information will be provided to selected countries in the first year.

KOREA

Key Steps for Korea in Implementing the AAA

Developing plans on using country systems (para. 15d)

1. The Republic of Korea (hereinafter Korea) is planning to draw a roadmap to improve the use of country systems through consultation among relevant ministries and organisations. It will include joint assessments with traditional donors and developing countries on the quality of country systems. The assessment result will serve as basic data in using country systems.
2. In addition, Korea will pursue to develop systematic and mid-and long term technical cooperation programs which will strengthen country systems, improving the inefficiency of short term technical cooperation programs. At the same time, a clear definition of ‘using country systems’ needs to be developed to promote the use of country systems at the international level.

Making public all conditions linked to disbursement (para. 25b)

3. Currently, Korea is not imposing conditions linked to disbursement.

Providing full and timely information on annual commitments and actual disbursement (para. 26b)

4. Korea has been consulting with partner countries on annual ODA plans through surveys on the partner countries’ needs. In particular, Korea has been exchanging information on ODA commitments and disbursements with priority partner countries through policy dialogue. Korea will also review ways to improve the quality of information on annual commitments and actual disbursements in consultation with relevant ministries.

Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans (para. 26c)

5. Korea has a single year fiscal plan which does not allow a 3-5 year ODA budget easily to be feasible. However, Korea is currently promoting aid predictability both in grants and loans. As for grants, Korea makes a multi-year plan and provides assistance to some countries such as Iraq and Afghanistan. In case of loans, Korea is also increasing predictability by making Framework Arrangements with each priority partner country, which settles the amount of three or four year’s ODA commitment.
6. Korea will increase the number of the countries with multi-year plans by consultation among relevant ministries and organisations. Moreover, Korea will also study the way on improving its aid predictability such as benchmarking best practices of countries in similar situations.

NETHERLANDS

The Netherlands on the ‘beginning now’ actions

1. The evaluation of the first phase of the implementation of the Paris Declaration confirmed that the Netherlands’ policies and procedures are well geared for implementing the Paris commitments. Nevertheless, more effort is needed to meet the Paris and Accra commitments. Therefore, we have made an inventory of all donor commitments in Paris and Accra, and are currently in the process of defining what (extra) action can be taken on each one of them. When the resulting action plan is finalised (planning is by the end of this year), it will be submitted to parliament. Part of the action plan will be the implementation of the Self Assessment in the first quarter of 2009. This will in turn lead to further actions.

2. Therefore, though we welcome the secretariats request and take it as a reminder of the urgency of the work at hand, it is in fact too early for us to communicate the actions we will take. However, from the first inventory, the following issues have come up that will need action:

Developing plans on using country systems (para. 15d).

Main issues:

- Analysis of why country systems are not used more when PFM systems receive a fair score, and of how PFM systems with insufficient scores can be strengthened;
- Being transparent on reasons and solutions;
- Looking into training needs - preferably in multi donor context (train4dev); and
- Constraints for timely disbursement, alignment of disbursement with the national budget cycle, use of Government generated reports without requests for additional information, and for providing information on planned disbursements in time and in a suitable form for budget planning.

Making public all conditions linked to disbursements (para. 25b).

- Looking into the exact modalities; strong preference for internationally harmonised approach.
- Providing full and timely information on annual commitments and actual disbursements (para 26b).
- Looking into the exact modalities; strong preference for internationally harmonised approach. We also need to avoid duplication as well as look into whether and how the information will be used in practice to be as effective as possible.

Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans (para 26c)

- We are looking into the exact modalities; one aspect could be establishing forward rolling commitments for budget support.

NEW ZEALAND

Key steps to implement the AAA - Actions of immediate priority

General:

NZAID is reforming around a new Organisational Development Framework (ODF) that will enable it to more effectively fulfil its commitments under the Paris Declaration and Accra Agenda for Action. More effective aid and strengthened management for results are two key themes of NZAID's new business model. Under the proposed framework:

- An Aid Effectiveness and Practice Unit is being established within a Development Practice and Process Group, in order to ensure NZAID's tools, systems and processes support the AAA.
- NZAID is developing an aid effectiveness framework to implement the Paris Declaration and AAA and this will be owned and monitored by a cross-agency Policy and Programme Committee.
- Leadership for aid effectiveness policies, processes and implementation through programmes will sit at a very senior level (Deputy Executive Directors).
- There will be more field staff and more delegated authority to increase responsiveness to partners.

Specific:

1. Developing plans on using country systems (para. 15 d).

Internal :

- Under development:
 - Budget support and institutional assessment tools.
 - Monitoring process to enable tracking of progress of NZAID in utilisation of country systems.
 - Programme review process
- Awareness raising within NZAID

Working with others:

- Began discussions with several partner countries and other donors on use of country systems including combining resources with other donors to support assessments; review of country strategies;
- Intend to use regional events to discuss and advance (regional workshops; donor coordination meetings);

2. Making public all conditions linked to disbursements (para. 25 b)

- NZAID is considering participating in the International Aid Transparency Initiative, which commits donors to work together with partner country governments, civil society and other users of aid information to make aid more transparent by building on existing global and country systems and standards.
- Planning to investigate what system(s) would be needed to post disbursement and condition information on the web.

3. Providing full and timely information on annual commitments and actual disbursements (para 26 b)

- NZAID has multiyear appropriations which enables it to provide partners with 3 year forward aid expenditure plans.
- Information about disbursements are regularly disclosed but there is scope to create more consistency in practice including around timeliness.

4. Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans (para 26 c)

- This is in place within NZAID with a 3 year rolling forward aid programme budget and regular programme talks.
- There is scope to create more consistency in practice through clarification of process and expectations. Also scope for looking at what else could be made public through our website.

NICARAGUA

1. Nicaragua, afianzando su compromiso en la lucha contra la pobreza, ha profundizado y consolidado los mecanismos existentes para la gestión de la Ayuda Oficial al Desarrollo. La adaptación del Programa de Acción de Accra reafirma la efectiva administración de los recursos externos para la garantía de las políticas dirigidas a la estrategia nacional de desarrollo.

2. Nicaragua ha presentado avances en el proceso de Apropiación, Armonización y Alineamiento de la Cooperación al Desarrollo con la conformación de mecanismos y marcos de ordenamiento nacional, los cuales expondremos a continuación. Actualmente, se encuentra realizando la evaluación del Plan de Acción Nacional de Armonización y Alineamiento 2005–2007, el cual se elaboró bajo los principios de la Declaración de París.

3. En base a dicha evaluación, se llevará a cabo la elaboración del Plan Nacional de Apropiación, Armonización y Alineamiento 2009–2011, el cual contemplará los elementos contenidos en el Programa de Acción de Accra. Asimismo, se han mantenido distintos mecanismos de diálogo tales como la Mesa Global de Cooperantes, las Mesas y Submesas Sectoriales y el Grupo de Apoyo al Presupuesto General de la República, a través de los cuales el Gobierno de Nicaragua mantiene un diálogo abierto y permanente con los socios para el desarrollo.

4. Se está trabajando en la homologación de los sistemas nacionales de información existente, los cuales reflejan la cantidad de recursos que ingresan al país como ayuda oficial al desarrollo, cooperación delegada y por parte de los organismos no gubernamentales. Éstos son el Sistema de Información de la Ayuda Oficial al Desarrollo (SYSODA) y el Sistema de Información de Cooperación a través de ONG's (SYSONG).

5. Para lograr una mayor efectividad de esta ayuda, Nicaragua requiere consolidar su liderazgo nacional y la apropiación de mecanismos. Igualmente requiere fortalecer las capacidades humanas y técnicas nacionales, sobre la base de la planificación y presupuestación, así como el manejo de una visión y lenguaje común.

6. Debemos impulsar una conciencia común por parte del Gobierno a la Comunidad Cooperante. Para ello Nicaragua se dispone llevar a cabo los siguientes pasos:

- Profundizar el proceso basado en las realidades de las demandas sectoriales y territoriales,
- demandar una mayor previsibilidad de los recursos,
- homogenizar la canalización de los recursos,
- reducir la cantidad de misiones y unidades paralelas,
- procurar una mayor utilización de mecanismos conjuntos de monitoreo y evaluación y,
- reordenar los recursos en base a las prioridades nacionales, pasando de un modelo dirigido por los cooperantes a un modelo conducido por el país.

PORTUGAL

Developing Plans on using country systems (parag. 15d):

1. Portuguese Cooperation is committed to use country systems as its first option. That means making more use of public financial management systems, including national procurement procedures and to avoid Parallel Implementation Units (PIU).
2. We are already in a process of “putting aid on budget”, and that does not only concern budget support and sectoral support modalities but project support also. This work has already been initiated in Mozambique and East Timor and we plan to extend it to other partner countries.
3. Where conditions do not allow it, since some of our partner countries are in a “situation of fragility”, we are committed to work on the capacity building of national institutions and human resources in order to make a greater use of partner systems.

Making public all conditions linked to disbursements (parag. 25b):

4. Our “conditions” to disbursements are public and are only based on partner Government commitment, and its outcomes, on Poverty Reduction.

Providing full and timely information on annual commitments and actual disbursements (parag. 26b)

5. Portugal has already initiated work on this. We are recording disbursements by country on a regular basis in order to allow us to provide detailed and timely information to partner Government aid recording systems. For instance, this has allowed us to fully participate in the ODAMOZ database system by sending accurate information on actual disbursements on a quarterly basis, as requested by the ODAMOZ system.

Providing regular and timely information on their rolling three to five year expenditure and /or implementation plans (parag.26c)

6. Portuguese Cooperation Programmes (Indicative Cooperation Programmes) with individual partner Governments are conceived on a 3-4 years basis in order to be harmonised with partner Government’s PRSP or similar frameworks.
7. Our plan is to have these Programs ready in advance in order to allow partner Governments to integrate aid flows in their budget cycle. Work is already being carried out in order to make these Indicative Programmes as exhaustive as possible, which means capturing all aid flows that should in the end be disbursed.

SPAIN

Reviewing key steps in implementing the AAA

1. Spain is currently elaborating its III Master Plan for the Spanish Cooperation system 2009-2012, for which aid effectiveness and the Accra Agenda for Action are the main reference. Aid effectiveness principles and commitments are considered a strategic axis to be applied in the Spanish cooperation program with every partner country. At the operational level, the III Spanish Cooperation Master Plan, defines a set of short, medium and long term goals in order to allow Spanish ODA to be more predictable, to stimulate a better and more extensive use of the country systems, to reduce conditionality, to advance in the untying of aid, to delegate more responsibility and decision making to the field offices and to be more transparent. It also sets goals regarding division of labour and harmonisation.

Some of these goals regarding the AAA commitments are:

- In 2012 Spanish Cooperation will channel at least 50% of its ODA through local systems and procedures. In 2015 the Spanish Cooperation will channel at least 75% of its ODA through local systems and procedures.
- In 2010 Spanish Cooperation will have a multiannual plan (at least 4-5 years) of budget and disbursements linked to development results for 80% of its partner countries. In 2015 the Spanish Cooperation will have a multiannual plan (at least 4-5 years) of budget and disbursements linked to development results for 100% of its partner countries
- In 2012 Spanish Cooperation disburses its funds at the committed time in 100% of its partner countries.
- In 2012 Spanish Cooperation will link its funding to an agreed set of conditionalities (performance-based conditionalities linked to progress in reducing poverty and human rights) In 2015 Spanish Cooperation will use no economical or political conditionalities for its funding.
- In 2012 Spain will provide timely and transparent information regarding its ODA flows.
- In 2015 Spain will provide timely and transparent information regarding its ODA flows and regarding other policies in partner countries.
- In 2010, Spanish Cooperation will have updated its methodology for managing development interventions and it will include aid effectiveness principles and perspective.

2. Some of these goals will be redefined during the Master Plan consultation process that is being carried out at the moment among the different actors of the Spanish Cooperation System. One of the demands has been providing transparent information regarding current and future conditionalities of the Spanish aid.

3. Once the III Master Plan has been approved (January 2009), an Aid Effectiveness Action Plan will also be developed and applied from 2009 for all the Spanish Cooperation System. This plan will deepen in the incentives, changes, reforms and means needed to achieve the aid effectiveness goals and will include the perspective of every actor in the complex Spanish system.

4. The reform of AECID, Spanish Agency for International Cooperation for Development, was a first step towards adapting the main Spanish implementation agency to effective practices in delivering aid. This reform is still being consolidated and it is meant to allow AECID to achieve the Accra commitments in a more flexible way.

5. Formal working groups devoted to aid effectiveness principles implementation are already working (grupo de eficacia y calidad SECI AECID DGPOLDE), bringing together the political-strategical and the operational level of these principles. One of the tasks of this group is to identify the changes needed in the current regulations in order to fulfil the AAA commitments (multiannual disbursements plans, delegated cooperation...). Several meetings have taken place regarding this matter and comprehensive information is to be sent to the field offices in order to boost identification of needed reforms also at the field level.

SWEDEN

The Swedish MFA and Sida are in the process of jointly preparing an Action Plan for implementing the Accra Agenda for Action, with the aim to identify key gaps in implementation. Already before Accra, Sweden adjusted relevant policies and modalities to the Paris Declaration: inter alia through developing new guidelines on budget support and through adjusting our bilateral development cooperation to the Paris targets. In the following, some additional measures already identified are highlighted:

1. **Developing plans using country systems**

- In 2009, Sweden (Sida) plans to undertake a thorough AAA portfolio analysis of country programmes. The analysis will a) be carried out from an AAA perspective b) identify main obstacles for moving the AAA forward and c) make a concrete plan for increased use of PBAs, broadly defined as including improvements related to the PD and AAA targets over time, not least use of country systems.
- The Swedish MFA plans to produce a policy on PBAs during 2009 that is expected to steer Swedish development cooperation towards a default use of PBA and, as a consequence, contribute to a significant increase in use of country systems over time.
- During the past four years, Public Finance Management (PFM) capacity development has been a priority for Sweden. A number of trainings have been held and a handbook is available. Consultancy services have been used in various field offices and regions about PFM and public sector reform. The increased understanding of PFM issues, including public sector reform, is expected to improve Sida staff understanding of how to design and negotiate support that is aligned with country systems.

2. **Making public all conditions linked to disbursement**

- Conditions linked to disbursement are specified in each bilateral agreement.

3. **Providing full and timely information on annual commitments and actual disbursement**

- The annual commitments are already made public through our cooperation strategies, but Sweden aims to better analyse the timing of disbursements in order to improve and disburse better according to the budget-process and planning of the partner country.

4. **Providing regular and timely information on their rolling three to five year expenditure**

- The contribution management system used by Sida obliges Sweden to manage a three year planning cycle with defined total and annual contributions. The agreements between Sweden and our counterparts include expected disbursements for each year.
- A new three-year management planning cycle at Sida is expected to contribute to predictability. The management signal for 2009 stressed the importance of planning for longer term agreements with higher volumes.

SWITZERLAND

Implementation of the PD and the AAA

1. The 2008 Bill introduced by the Federal Council to Parliament on the pursuance of ODA to developing countries makes explicit reference to the Paris Declaration and gives mandate to SDC (Swiss Agency for Development and Cooperation) and SECO (State Secretariat for Economic Affairs) to achieve its objectives so as to enhance aid effectiveness. Accordingly, Switzerland has set itself an objective for 2009, which is to apply the PD and the Accra Agenda for Action (AAA) in a way that ensures that Switzerland's specific areas of expertise, experience and thus comparative advantage are made best use of. Accordingly, an action plan shall be developed in the first quarter of 2009.

2. Switzerland's approach of the PD and the AAA is contextual, country-based and inclusive. PD and AAA are seen as proposing means to an end, which is aid effectiveness, and beyond: development effectiveness, towards achieving the MDGs.

3. Switzerland shall consistently integrate aid effectiveness in the design of its strategies and supported programmes. It will integrate the PD and AAA commitments into its planning, monitoring and evaluation processes and cycles. Where Switzerland considers that the context does not permit the fulfilment of commitments, it will state the reasons for this.

Developing plans on using country systems

4. This task is delegated to Swiss Country Offices, with the support of Head Offices. Starting early 2009, Country Offices will do a rapid stocktaking and an assessment of potentials and obstacles based on existing information country-level. By end-2009, measures to encourage the use of country system and to specify the conditions for the use of these systems will have been consolidated and validated.

Making public all conditions linked to disbursements

5. Any conditions linked to projects and program support (including budget support) are transparently stipulated in the agreements between Switzerland and the partner country. Swiss Country Offices shall be requested from 2009 onwards to make conditions – if any exist – public, in an appropriate way and depending on the country partner agreement.

Providing full and timely information on annual commitments and actual disbursements

6. Switzerland – through its Country Offices - will provide this information from 2009 onwards, in a timely manner. Figures will be tentative, when and where parliamentary approval is pending in Switzerland.

Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans

7. Switzerland – through its Country Offices - will provide this information from 2009 onwards, in a timely manner. Figures will be tentative, especially when and where parliamentary approval is pending in Switzerland.

TANZANIA

Follow-Up to the Accra Agenda for Actions (AAA)

1. The Joint Assistance Strategy for Tanzania (JAST) is a country-level action plan to implement the Paris Declarations on Aid Effectiveness. Its implementation is guided by the agreed JAST Action Plan and Monitoring Framework. The Joint GoT-DP JAST Working Group provides strategic guidance on the implementation of the JAST, providing forum for dialogue to address some of the challenges arising in the JAST Implementation.

2. Immediately following the Accra HLF, the Joint GoT-DP JAST Working Group met to discuss how we may follow-up on those agreed priority actions in the AAA. The discussion noted that many of the priority actions are sufficiently addressed in the JAST implementation Plan of Action, and increased efforts and commitments to implement the agreed actions would lead Tanzania to overcome a number of challenges addressed in the AAA and equally highlighted in the PD Survey 2008 Tanzania results. Nevertheless, below summarises the actions and agreements which have been taken or will be taken.

Use of Country Systems:

3. **15d:** The PD Survey 2008 Tanzania Results highlighted the particular need to ensure Development Partners increasingly use the Government Exchequer System to disburse development assistance. At the same time, the need to keep monitoring the extent of the usage was noted, as performance monitoring provides for peer pressure. To this end, the Government will monitor the Indicator 5a regularly (annually) and make the result available through the JAST Implementation Report. In addition, training sessions on the use of Exchequer and budget process is scheduled to take place soon with a view of providing guidance as to how these systems can be used.

Making public all conditions linked to disbursements:

4. **25b:** The GBS Performance Assessment Framework and progress against the PAF is jointly monitored through the Dialogue Structure at sector/cluster levels that is inclusive of national stakeholders. Conditions linked to disbursements for sector Basket Funds are equally discussed through the Sector coordination/dialogue framework.

Providing full and timely information on annual commitments and actual disbursements

5. **26b:** Development Partners (DPs) have been providing full information on annual commitments through the Medium Term Expenditure Framework (MTEF) process. With a view of strengthening the forecast of DP commitments, the exercise of MTEF external resource projections is coordinated by the Development Partners Group (DPG). Whilst challenges remain in terms of some DP not providing timely information, with assistance from the DPG, more DPs are now providing information on annual commitments to the Ministry of Finance and Economic Affairs (MoFEA). Development Partners have also agreed through the JAST to provide quarterly information on actual disbursements. The Aid Management Platform (AMP), which is piloted by the MoFEA, aims to collect both commitments and disbursement information. Development Partners have been trained on the use of the AMP, and have been given the access to provide such information directly to the system.

Providing regular and timely information on their rolling three to five year expenditure and /or implementation plans

6. **26c:** Development Partners have also agreed through the JAST to provide regular and timely information on their rolling three- to five-year forward commitments/projections through the MTEF process. Development Partners have been providing the MTEF external resource information for at least three forward projections. Whilst such information has been provided, challenges still remain as such forward projections are rarely realistic, due to differences in programming cycles and some legal constraints (i.e. annual approval by DP parliaments on commitments, etc.).

UNITED KINGDOM

How DFID is planning to implement the Accra Agenda for Action (2008/09)

General Actions

1. Since Accra, we have initiated a review of all aspects of our existing mandatory procedures (Blue Book), policy and guidance to identify areas where current practice does not meet the commitments made in the AAA or where we have not yet met the Paris targets. We are also undertaking detailed analysis of our results in the 2008 Paris Monitoring Survey, in order to identify key bottlenecks to meeting the Paris targets and identifying how they can be overcome. We have sent a questionnaire to all country offices where we have not yet met the Paris targets on (a) putting aid of budget, (b) within year predictability asking them to identify what the current constraints may be and how they are working to address these. DFID has met or is very close to meeting the remaining targets.

2. DFID has identified four priority areas in which we will need to take further action to ensure that AAA commitments are met:

- Improving predictability of aid and providing countries with 3-5 year forward expenditure and implementation plans;
- Improving the transparency of our aid and ensuring all government-to-government aid is shown on partner country budgets.
- Strengthening monitoring of aid effectiveness
- Increased use of mutual accountability mechanisms at country level.

Specific Areas for Immediate Action in the Accra Agenda for Action

Using country systems

3. We already meet the Accra target of 50% of government- to-government assistance to be channelled through country fiduciary systems.

Making public all conditions linked to disbursements

4. DFID's Publishing Project Information (PPI) project, due to commence shortly, will publish details of projects, including conditions, once it is fully implemented. DFID's Annual Report to the UK Parliament reports all cases where DFID has delayed or reduced aid disbursements due to breaches of these conditions.

Providing information on annual commitments and actual disbursements

5. We are currently reviewing performance in this area with country offices, looking also at the extent to which our bilateral aid is recorded in partner country budgets.

Providing information on rolling 3-5 year expenditure plans

6. This is already the operational norm for many of our country offices, particularly where we provide budget support (15 countries out of our 23 focal countries in 2007/08). We are reviewing our guidance on the preparation of Country Plans, which typically cover a 4-5 year time horizon, to ensure that country offices make public details of their forward expenditure plans.

7. The International Aid Transparency Initiative (IATI), launched in Accra, re-emphasises the importance of transparency and has committed donors to improve transparency, including ‘sharing more detailed and more up-to-date information about aid in a form that makes information more accessible to all relevant stakeholders.’

UNITED NATIONS

UNDP actions as a follow-up to the Accra HLF (September – November 2008)

1. After the Accra HLF in September 2008, the UNDP Administrator and Chair of the UNDG informed UN Resident Coordinators and UNDP country offices on the outcome of the Accra HLF, linking emerging issues to the preparation of the Doha Follow-up International Conference on the FfD, as well as plans for the AAA implementation.
2. UNDP Executive Board, at its 12 September 2008 session, endorsed, in principle and in line with PD and AAA commitments, a four-year pilot period, starting in September 2008, for enabling UNDP financial contributions to pooled funding and sector budget support, on a case-by-case basis, upon the request of the recipient country and in accordance with the mandate and comparative advantage of UNDP (Decision 2008/24). The UNDP Executive Board also encouraged UNDP to pursue this approach with the United Nations Development Operations Coordination Office to ensure synergy and common approaches in the United Nations system response to the changing aid environment. (Decision 2008/29).
3. UNDP global Community of Practitioners met in the Dead Sea (Jordan), 28-30 October 2008, to discuss UNDP strategy for the implementation of the AAA and its commitments on aid effectiveness (TCPR 2007 and UNDP Strategic Plan 2009-2011). The objective of the meeting was to ensure policy coherence across the organisation and develop a joint strategy and implementation plan focusing on capacity development to support inclusive country ownership, strengthening of country systems and sustainable capacity to manage and coordinate aid, i.e. implement the PD and AAA commitments. The meeting was also attended by external partners – developing country government representatives, think tanks, OECD DAC and WB.
4. On 4 November 2008, the UNDP Bureau for Development Policy global programme on aid effectiveness (2009-2011) was endorsed. It spells out the objectives, strategy and implementation of the global programme on aid effectiveness along the PD and AAA commitments with a focus on: capacity development for aid coordination/management in different typologies of countries (post-crisis, LDCs, MICs), as well as the roll-out of the IATI initiative; South-South cooperation and peer learning; strengthening UNDP and UNCT country capacities to internalise and implement the AAA.
5. UNDP is supporting a number of partner countries in the preparation of their AAA implementation plans, for instance in Vietnam.
6. Since the HLF, UNDP has been engaged, with other partners, in the development of specific initiatives that emerged from the HLF, namely the IATI, CD Alliance, South/South cooperation and others.

UNDG Follow-up to the Accra HLF

- UNDG Working Group on Programming Issues is seized of the AAA commitments and has asked its workstream on Accra HLF and Doha FfD follow-up to continue work for their implementation.

- AAA commitments are internalised and taken into account in the review of the CCA/UNDAF Guidelines for UNCTs which is under way.
- UNDG will hold a workshop early in 2009 to prepare specific Guidelines for UNCTs on issues relating to the effectiveness of aid for development and the implementation of the PD and AAA commitments.

UNITED STATES

Key Steps Taken by the United States to Implement the Accra Agenda for Action

Report to the Working Party on Aid Effectiveness, November 2008

1. Immediately following the endorsement of the Accra Agenda for Action (AAA) at the Third High-Level Forum on Aid Effectiveness, a worldwide telegram was sent to all United States overseas posts and headquarters offices of key foreign assistance agencies with the full text of the AAA.

2. At the September 2008 meeting of International Development and Humanitarian Assistance Policy Coordination Committee (PCC)⁵, the key points of the AAA were presented. The PCC tasked the Aid Effectiveness subgroup to analyse the AAA, identify necessary actions and present a proposal for implementing the AAA.

3. A proposal was presented to the October 2008 meeting of the PCC identifying the policy issues of use of country systems, predictability – both annual and medium term – and untying as priority for further work to develop proposals on coherence in U.S. field operations to meet the commitments in the AAA on the priority issues as well as on the other items.

Simultaneously, the AE subgroup's analysis identified areas in which individual agencies have authority to take action and can use existing guidance or move forward to provide additional guidance.

4. USAID's General Counsel Office has been requested to assess U.S. law on making disbursement conditions public.

5. A Congressional staff briefing on the AAA is being planned for early December 2008.

6. All inquiries from field posts are responded to based on existing law and guidance, and responses are being compiled into Frequently Asked Questions.

7. A dialogue has been institutionalised between a group of U.S. Government agencies that manage ODA and the Aid Effectiveness Working Group of InterAction, a member organisation of U.S. civil society organisations to improve information flow and collaboration on implementing the AAA.

⁵ The PCC is convened under the aegis of the U.S. National Security Council and is comprised of all U.S. government agencies that manage Official Development Assistance and other contributions to development such as trade.

WORLD BANK

1. The Bank is developing an Aid Effectiveness Action Plan to support the implementation of the aid effectiveness agenda which will be presented to the Board in the first quarter of 2009. The food, fuel and financial crises as well as the challenges of fragile states underscore the importance of applying the AAA. The Bank will also continue to play an active role in shaping the international aid effectiveness agenda in collaboration with the OECD, bilateral aid agencies, partner countries, and the MDBs. We attach importance to inclusive partnerships, drawing in non-traditional donors such as China, India, Korea foundations and NGOs, to work alongside traditional donors in support of development priorities of partner countries.

Developing plans on using country systems (para. 15d):

2. We are:

- Piloting the use of country safeguards systems and country procurement systems in investment lending.
- We are using assessments to target and improve capacity and institution building.

Making public all conditions linked to disbursements (para. 25b).

3. We already make public all conditions linked to disbursements.

4. We are Implementing the good practice principles on conditionality, with regular reviews and reporting to the Board.

Providing full and timely information on annual commitments and actual disbursements (para 26b).

5. We already provide full and timely information on annual commitments and disbursements.

Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans (para 26c).

6. We are working with our country teams to ensure that our 3 year planned commitments and disbursements are systematically shared with country counterparts.

PART II

JOINT VENTURE AND TASK TEAM RECOMMENDATIONS

JOINT VENTURE ON PUBLIC FINANCIAL MANAGEMENT
DIRECTIONS FOR FUTURE WORK

A. Purpose and structure of the paper

1. On 25-26 November the Working Party on Aid Effectiveness will prepare a new work programme and review its structure and working arrangements. The purpose of this paper is to inform and guide these discussions on issues related to aid and country public financial management (PFM) systems.

2. In order to do so, the paper recalls the objectives and achievements of the Joint Venture on PFM (JV PFM). Without prejudging the decisions of the Working Party and any ensuing demand for a detailed work programme proposal, this paper outlines areas where further work may be required and offers suggestions on the most suitable organisational arrangements. The paper reflects the views of the Co-chairs of the Joint Venture on Public Financial Management and was drafted in consultation with the DAC Secretariat.

B. JV PFM: Objectives

3. The JV PFM was established in 2001 reflecting the importance of emerging international consensus on strengthening partner country PFM systems and their use by donors for channelling aid. Based on the commitments made at the High Level Forums in Rome and Paris, the JV PFM has aimed at: (i) fostering implementation of such commitments; and (ii) sharing PFM knowledge and experiences among donors and partner countries.

4. Since then, and in very simplified terms, JV PFM work has focussed on three core areas:

- a) Measuring the performance of PFM systems.
- b) Strengthening country PFM systems.
- c) Using PFM systems.

5. The JV PFM has done so complementing and drawing on other international processes and country and donor specific activities. Thus, the key role of the JV PFM has been to provide an international platform for dialogue between donors and recipients. For each core area, work has progressively advanced through three separate stages:

- i. Seeking a common understanding of the problem.
- ii. Analysing existing donor practices and country experiences.
- iii. Sharing knowledge and supporting implementation of identified solutions/good practices.

C. JV PFM: Achievements to Date

6. Looking at PFM, the Progress Report on Implementing the Paris Declaration finds that "there have been some notable successes in recent years, as partner countries and donors strive to achieve their Paris Declaration commitments; and many important elements have been put in place on which to build in the coming months and years". The JV PFM has contributed to this progress by providing a forum for donors and partner countries to exchange good practices, lessons learned and innovative ideas in the use and strengthening of country PFM systems.

7. The JV PFM has led, or contributed to, the drafting of three main publications: *Harmonising Donor Practices for Effective Aid Delivery*, Vol. 1 and 2, and the *Report on the Use of Country Systems in Public Financial Management*.⁶ These publications contain the main results of the work of the JV PFM. This has encouraged progress in a number of key and strategic areas. In particular:

- **Promoting increased use of country systems.** In line with the goals set out in the Paris Declaration, the JV PFM has worked to facilitate the use of strengthened country PFM systems. Activities first focussed on agreeing good practices for two particularly relevant aid modalities (*Budget Support* and *Sector-wide Approaches* – OECD 2006). Subsequently, in an effort to better communicate the rationale for use of country systems, better understand the reasons behind donors' choices and identify any scope for increased use for a given level of system's quality, the JV prepared a *Report on the Use of Country Systems in Public Financial Management* (OECD 2008) whose main recommendations were reflected in the Accra Agenda for Action. The Report also looked at issues of risk management in the use of country systems, building upon a DFID-financed report prepared under the auspices of the JV on how donors use performance measurement frameworks to assess risk in using country systems (Mokoro and CIPFA 2008). The JV also welcomed and discussed a report on *Putting Aid on Budget* commissioned by the Collaborative Africa Budget Reform Initiative (CABRI) in collaboration with the Strategic Partnership for Africa (SPA).
- **Harmonising frameworks for measuring performance in PFM.** As one of the key commitments for donors and partner countries in the Paris Declaration (§20 and 27), the JV's activities supported progress in the adoption of harmonised measurement frameworks. This led it to work closely with the Public Expenditure and Financial Accountability (PEFA) Secretariat, offering critical and representative feedback on the design and implementation of the PEFA PFM Performance Monitoring Framework. In this context, the JV PFM also acted as a centralised conduit for the sharing of information among donors and partners about planned PFM diagnostics. Published materials include: *Measuring Performance in Public Financial Management* (OECD 2003), *Consultative Draft – PFM performance Indicators* (OECD 2006) and *Measuring the Performance of Country PFM Systems* (OECD 2008).
- **Promoting good practices in implementing and supporting PFM reforms.** The JV worked closely with regional and international PFM professional networks analysing country case studies, best practices, and lessons learned. Published results cover: *Strengthening Country PFM Systems* (OECD 2008), *Capacity Development in Public Financial Management* (OECD 2006), *Supporting Better Country Public Financial Management Systems – Towards a Strengthened Approach to Supporting PFM Reform* (OECD 2005) and *Financial Reporting and Auditing* (OECD 2003).

⁶ All published by the OECD in 2003, 2006 and 2008 respectively.

- **Supporting the monitoring of the Paris Declaration.** The JV has been offering technical support to the JV on Monitoring the Paris Declaration for the areas and indicators with PFM relevance. JV PFM guidance and ad hoc support has covered the design of targets and the interpretation of the information collected through the monitoring surveys.
- **Improving transparency of information on aid flows.** Increasing transparency of information on aid flows is a critical objective for improving the effective use of aid as outlined in the Paris Declaration (§25-26). Working with the International Public Sector Accounting Standards Board (IPSASB), the JV supported the development of an accounting standard for the disclosure of external assistance, *Disclosure Requirements for Recipients of External Assistance (Financial Reporting under the Cash Basis of Accounting)*. The Exposure Draft of this standard – ED 32 – was approved in November 2007.
- **Fostering global and regional partnerships on PFM.** The JV has engaged in dialogue with a number of relevant professional networks including INTOSAI, CIPFA, IFAC, and regional bodies (CABRI, ESAAG and SPA) on strengthening PFM as well as increasing the use of country systems in PFM. Two JV PFM events were held in collaboration with ESAAG (April 2007) and CABRI (May 2008). These events supported wider partner country consultation around JV PFM outputs.

8. **Future directions of PFM activities.** The JV has identified a set of priorities for future work. More generally, reflections on future PFM related activities under the auspices of the Working Party should duly consider *where do we stand, where do we aim to go and how do we get there*. Each is treated in turn in sections D, E and F.

D. PFM Issues and Aid Effectiveness Agenda: Where do we stand?

9. There are two dimensions to this question. The first concerns the progress achieved by partners and donors towards the relevant Paris Declaration targets. The second concerns the progress made by the JV PFM towards achieving its own goals as outlined in the previous section. An analysis of these two dimensions suggests the following general conclusions:

- Although some progress has been made, there is a need to systematically accelerate efforts to use and strengthen country systems, including those relating to PFM.⁷
- Although the JV PFM has made significant progress in all three core areas and across all three stages, substantially more needs to be done.⁸
- Despite parallelisms in format, work around different country systems⁹ differs in substance, presents specific challenges and is at different stages of development. Any future organisational arrangement should duly take this into account, avoiding exceedingly tight linkages between processes which address different country systems. In the case of all country systems, work will likely address the same core areas (measuring/ strengthening/using) and go through the same

⁷ OECD DAC (2008), 2008 Survey on Monitoring the Paris Declaration – Effective Aid by 2010? What Will It Take? Paris.

⁸ As implicitly reflect in the relevant text of the AAA (§ 15). Harmonised performance assessment frameworks have just begun being rolled out, PFM systems still needs strengthening and measures can still be taken to facilitate their use by donors.

⁹ Apart from PFM, procurement, monitoring and evaluation, statistics and social and environmental assessment.

stages (jointly understanding/ analysing/solving) as for the PFM work recalled above.¹⁰ However, for each specific system, the substance of the matters addressed will differ along with the challenges faced, the best strategies to finding solutions and the set of international processes, bodies and networks that can be harnessed. Finally, progress recorded to date (and thus priorities going forward) will differ from country system to country system.¹¹

E. PFM Issues and Aid Effectiveness Agenda: Where do we aim to go?

10. Both the Accra Agenda for Action (AAA) and monitoring results underpinning it clearly point to areas where further PFM work is needed in order to accelerate and deepen the use of country systems:

- The AAA reiterates and deepens the commitments made by the Paris Declaration on Aid Effectiveness. It includes strong commitments directly related to the strengthening and use of country systems (§15 – see Box 1). It also underscores the need to improve PFM to meet other commitments (for instance, improving budget planning processes for better managing domestic and external resources - §26, and facilitating parliamentary oversight and enhancing transparency to achieve greater accountability - §24).

Box 2. Accra Agenda for Action – Commitments on Country Systems

In the AAA, donors and partners commit to strengthen and use developing country systems to the maximum extent possible. Paragraph 15 explains the underlying rationale and lists a set of actions:

"15. Successful development depends to a large extent on a government's capacity to implement its policies and manage public resources through its own institutions and systems. In the Paris Declaration, developing countries committed to strengthen their systems² and donors committed to use those systems to the maximum extent possible. Evidence shows, however, that developing countries and donors are not on track to meet these commitments. Progress in improving the quality of country systems varies considerably among countries; and even when there are good-quality country systems, donors often do not use them. Yet it is recognised that using country systems promotes their development. To strengthen and increase the use of country systems, we will take the following actions:

- a) Donors agree to use country systems as the first option for aid programmes in support of activities managed by the public sector.
- b) Should donors choose to use another option and rely on aid delivery mechanisms outside country systems (including parallel project implementation units), they will transparently state the rationale for this and will review their positions at regular intervals. Where use of country systems is not feasible, donors will establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.
- c) Developing countries and donors will jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools. Where country systems require further strengthening, developing countries will lead in defining reform programmes and priorities. Donors will support these reforms and provide capacity development assistance.
- d) Donors will immediately start working on and sharing transparent plans for undertaking their Paris commitments on using country systems in all forms of development assistance; provide staff guidance on how these systems can be used; and ensure that internal incentives encourage their use. They will finalise these plans as a matter of urgency.
- e) Donors recollect and reaffirm their Paris Declaration commitment to provide 66% of aid as programme-based approaches. In addition, donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems, including by increasing the percentage of assistance provided through programme based approaches."

¹⁰ This is indeed already shown quite clearly by the parallelisms in the format of the work programmes of the JV PFM and the JV Procurement.

¹¹ From this point of view, it is worth noting that, for various reasons, JV work around the use of PFM system has progressed relatively more than work around the use of other country systems [including procurement].

- The JV PFM *Report on the Use of Country Systems in PFM* (the Report) includes a list of detailed recommendations on how best to strengthen country systems in PFM and increase their use by donors (see Box 2 for a summary).

Box 3. Recommendations from the Report on the Use of Country Systems in PFM

The Report sets out the following five key recommendations on how best to strengthen and increase the use of country systems in PFM:

- *Partner countries should take an enhanced role in work on country PFM systems* which includes countries taking the lead in strengthening PFM systems, developing a credible strategy for PFM reform, and creating an enabling environment for reform to take place.
- *Donors should better equip themselves to carry out their commitments related to using country PFM systems.* This entails donors adopting internal measures and incentives to enhance their ability to fulfil their Paris Declaration commitments.
- *Partner countries and donors need to work together to operationalise this agenda at the country level.* This means encouraging country and donor staff to work together in partnership to promote sound budgeting and an integrated approach, and showing that they are delivering on their commitments.
- *The development community should develop a multiyear program of PFM diagnostics and increase its reliance on the emerging lessons.* This includes encouraging and promoting South-South learning mechanisms; and for the OECD-DAC Joint Venture on Public Financial Management to identify and disseminate lessons learned from work on country PFM systems.
- *There is a need for better communication at all levels.* The report notes that partner countries and donors should work internally and within their external accountability bodies to strengthen the demand for implementation of the Paris Declaration.

F. PFM Issues and Aid Effectiveness Agenda: How do we get there?

11. The above suggests that the key question facing the Working Party is not whether there is work to do on the use of country PFM systems and aid effectiveness but rather where and how such work can be most effectively carried out. Work on aid effectiveness and use of country PFM systems has now clearly entered the implementation stage. This makes the country level the key locus of activity going forward. Specifically, it is at the country level that partner and donors must come together in order to operationalise the Paris Declaration and the Accra Agenda. In doing so, they will be able to rely on the common understandings, lessons learned and good practices identified through the JV PFM work.

12. Judging by its achievements, the JV-PFM has worked relatively well as an international platform for dialogue around PFM issues between donors and partners. The need for such a platform to carry out a work programme complementary to country level implementation efforts continues to be high given that:

- *There remains a need to monitor and offer guidance on related international processes* – a key example of this is the role of the JV PFM vis-à-vis the PEFA programme which has led the definition and rolling out of harmonised assessments of PFM systems but which needs an anchor point like the JV PFM to ensure that such work continues to reflect the concerns of the broader donor and partner community (and is therefore used widely and ultimately successful).
- *Emerging issues still require going through the three stages of work highlighted above* – Examples include work on: practical ways to use country systems under different aid modalities, defining and managing the attached risks, identifying the best safeguards, developing multi-year programmes of PFM diagnostics etc.

- *It is opportune to facilitate the sharing of country-level experiences* – the fact that operationalisation is largely a country-specific issue does not mean that lessons of broader relevance cannot be learned and disseminated by the analysis of specific cases. Such activities can take place through modalities which are by now well-established in the JV PFM or by piloting more pro-active efforts (for instance offering on a voluntary basis the possibility of JV-PFM sponsored peer-review country missions analysing the state of play for PFM-related issues in the local aid effectiveness architecture).
- *An international platform can support the growth and emergence of South-South and triangular cooperation and networks.* Thus, for instance, activities already carried out with CABRI and ESAAG can be deepened and/or expanded to other networks.

13. Alternative organisational arrangements - such as the loose grouping of parallel work streams/activities under a nominal umbrella possibly covering all targeted country systems - would pose significant risks in terms of the capacity to offer a central reference point¹²; to push the agenda forward in a context characterised by the decreasing availability of dedicated staff in several donor and partner administrations; to ensure the emergence of a common, or at least coherent, approach across work streams; and to forcefully integrate the results of the different work streams in clearly presented outputs for communication to all stakeholders.

14. Building on the success of the current JV PFM structure offers the best assurance of being able to frame the work programme within a coherent agenda, drive it forward effectively and act as an anchor point for other relevant processes and bodies. However, its work programme and working methods require adaptation to the priorities post-Accra. In that regard, our recommendations are:

- I. The JV-PFM should complement implementation efforts at the country-level by advancing work in the core areas identified above, as well as by adding new core areas to reflect the evolving priorities of the aid effectiveness agenda. The latter would point towards the need for more attention to communication issues, greater inclusiveness, a larger role for South-South cooperation and experts' networks/communities and more in-depth consideration of the issues and lessons for middle-income countries and fragile states. Annex I presents an illustrative draft work programme for such a platform. A proper proposal for discussion would, of course, be submitted at a later stage if requested. This would have to reflect the decisions of the Working Party, appropriate consultations among current and potential members, any expression of interest for leading work streams and further reflections by those that would be formally tasked with the management of the platform activities.
- II. The working methods and membership of the JV PFM should be revised to better reflect the challenges of the new work plan. While meetings between experts in Paris would probably continue, the revised JV PFM should meet more regularly in partner countries, increase its interactions/joint events with other relevant bodies and arrange regular joint meetings with other structures dealing with country systems under the Working Party (to address cross-cutting issues, notably with procurement). Membership could be expanded on either a regular or ad hoc basis to include representatives from relevant institutions in donor and partner countries (for instance, parliaments and supreme auditing institutions), other international groups working in the PFM field and civil society. Greater representation from middle-income countries should also be actively sought.

¹² For instance, for technical support and guidance on the monitoring of the Paris Declaration and AAA, for the PEFA partnership, etc.

III. With a view to ensuring better coordination between the various JVs and to enhance its accountability, the JV PFM should prepare and submit to the Working Party an annual report highlighting achievements during the year and a work plan for the following year.

15. Members of the Working Party on Aid Effectiveness are invited to express their views on the issues raised in this paper and the three recommendations outlined above.

OBJECTIVES	
Support activities relating to Public Financial Management issues aimed at (i) fostering implementation of commitments made in the Paris Declaration and the Accra Agenda for Action, and (ii) sharing PFM knowledge and experiences among donors and partner countries.	
MAIN OUTPUTS & ACTIVITIES	
Task A: Using Country Systems	
Expected Outcomes	Outputs: 2008-2011
<ul style="list-style-type: none"> ▶ Monitoring the adoption of AAA commitments on the use of country systems. ▶ Fostering partnerships at the international and country level to implement the AAA commitments on the use of country systems. ▶ Support production / revision of donors' plans and staff guidance on use of country PFM systems 	<ul style="list-style-type: none"> ▶ Case studies on the appropriate use of country systems across various aid modalities and country circumstances. ▶ Demand-driven monitoring of donor practices and incentives at the country level including through joint missions. ▶ A review of implementation of headquarter donor plans and guidance on the use of country systems.
Task B: Strengthening Capacity in PFM	
Expected Outcomes	Outputs: 2008-2011
<ul style="list-style-type: none"> ▶ Fostering stronger links between better PFM and improved service delivery. ▶ Ensuring knowledge transfer and south-south cooperation by drawing on professional PFM networks (CABRI, ESAAG), and encouraging discussions at regional level on strengthening capacity in PFM. ▶ Strengthening the capacity of PFM systems through demand-driven reviews of budget planning processes at country level. 	<ul style="list-style-type: none"> ▶ Report on strengthening linkages between strong PFM and improved service delivery. ▶ Establishing global partnerships to assist in PFM reforms and promote South-South cooperation (joint meetings hosted by regional organisations). ▶ Elaborating case studies on good practice in the budget planning process.
Task C: Greater Transparency in PFM	
Expected Outcomes	Outputs: 2008-2011
<ul style="list-style-type: none"> ▶ Promoting capacity of parliaments and domestic accountability institutions (national auditing institution, public accounts committee) in relation to PFM. ▶ Supporting capacity of CSOs and Media to understand PFM-related reforms and better track public expenditures. 	<ul style="list-style-type: none"> ▶ Review of parliamentary oversight of the budget in 5 countries. ▶ Engage CSOs and media outlets in the discussions of the Joint Venture, prepare training guidance in collaboration with organisations currently working in this area (International Budget Project, Publish What you Pay, etc).
Task D: Communicating the Benefits of Reaching the PFM-related Commitments	
Expected Outcomes	Outputs: 2008-2011
<ul style="list-style-type: none"> ▶ Promoting the benefits of using country systems across donor and partner authorities. ▶ Better Communicating the work of the Working Party on Aid Effectiveness Group on PFM and its achievements. 	<ul style="list-style-type: none"> ▶ Regular presentations by Joint Venture members to parliamentary accountability bodies (both in partner and donor countries) and organisation of workshops for parliamentary bodies and national auditing institutions. ▶ Prepare a guide outlining the successes and benefits of using country PFM systems from a donor perspective (bilateral and multilateral) and from partner country perspectives (Middle Income Countries, Fragile States, etc). ▶ Regular updates of the PFM website as well as bi-annual newsletter.

**JOINT VENTURE ON PROCUREMENT
DIRECTIONS FOR FUTURE WORK**

Agenda, Work Program and Structure for 2009 – 2010 and Beyond

A. *Introduction*

16. In preparation for the meeting of the WP-EFF, members of the working group of the Joint Venture on Procurement met in Paris on October 9 – 10. A draft agenda, work program and delivery structure for the implementation of the AAA was prepared and translated into French and Spanish. It was circulated to the members of the JV for reflection, comments and suggestions. This version reflects their input and that of the Co-Chairs.

B. *Proposed Action Agenda and Work Program*

1. At the last meeting of our JV in Arusha in May, 29 partner countries, 11 donor countries and seven multilateral and international organisations endorsed the JV's Arusha Statement. This document presents the JV's vision of challenges facing the implementation of the Paris Declaration and our responses:
 - a) The continuing need for results on strengthening and on the use of reliable country procurement systems and, in particular, the need for ongoing monitoring, direction, support and guidance on capacity development,
 - b) The unfinished work on the harmonisation and coordination of development partner policies and interventions in partner countries,
 - c) The importance of identifying and tracking key issues and to share Best Practice,

2. In September, the HLF3 was held in Accra, Ghana and resulted in the Accra Agenda for Action (AAA). Four broad areas of work emerged from the AAA, three of which have direct links to recommended future work of the JV: strengthening ownership and promoting accountability, strengthening and using country systems and monitoring, assessing and evaluating progress. Building on links across these broad areas of work, the JV has defined three areas of focus where the JV can contribute to strengthening country procurement systems:
 - a) The continuation and expansion of assessments of country procurement systems using the JV's methodology for assessing public procurement systems,
 - b) The development of country-owned capacity development strategies, implementation plans and models and
 - c) The financing and implementation of these country-owned strategies for building capacity

3. As a result, the following list of specific products in support of the AAA is proposed:
 - a) Prepare a stocktaking of all partner country assessments using the JV's methodology. Continue to encourage other countries to do a self-assessment or joint assessment with development partner support. Continue to document country experiences and the links of assessment results to capacity development to be published in future chapters of the JV's "Compendium of Country Examples and Lessons in Applying the Methodology for Assessment of National Procurement Systems".
 - b) Develop additional tools, templates and guidance and share with procurement agencies and implementation entities interested in implementing the OECD/DAC methodology:
 - i. Facilitate the provision of appropriate training and awareness-raising to interested donor agencies and to partner country implementing entities as a means to help change behaviors and improve skills.
 - ii. Prepare a template on how to prepare a capacity development strategy/plan following the completion of an assessment.
 - iii. Collaborate with the JV – MfDR on developing tools and methodologies for performance measurement in support of the methodology's Compliance and Performance Indicators. .
 - c) Prepare a good practice guide on country initiatives aimed at strengthening local private sector capacity in collaboration with the local private sector.
 - d) Provide progress reports from development partner organisations and DAC donor countries that are members of the JV in which they share policies, operational plans and experiences related to their use of reliable country procurement systems.
 - e) Develop in close collaboration with the JV – MfDR a tool to measure the benefits of good procurement as a means of promoting good public sector management and investments in strengthening procurement.
4. The following are suggestions on how we will improve the way we work and share in addressing issues of common interest with other organisations that are important partners in the work of the JV:
 - a) Development partner and donor members of the JV will collaborate with each other and with partner countries to commit sufficient resources to plan and implement country-owned procurement capacity development strategies in the context of broader public sector reforms. This would include development of a formula for agreeing multi-donor support and division of labor.
 - b) The JV will develop a better understanding of the role of the civil society community in the procurement process and in contract management and a common appreciation of how best to engage CSOs (which include NGOs, associations, labor unions and the media)
 - c) The development partner members of the JV who are also members of the Multilateral Development Bank (MDB) Heads of Procurement (HOPs) Group agree to share with the other members of the JV on an ongoing basis the results of the work being discussed in HOP working groups on:

- i. Cross cutting or cross sectoral issues such as ethics and transparency, diversity and universal design (i.e. disability and accessibility),
- ii. private-public partnerships (PPP),
- iii. e-procurement and
- iv. Sustainable procurement (socially responsible and environmentally respectful procurement).

C. *How We Propose to Organise the Way We Work*

1. Joint Venture

- a) The organisational structure for the current JV is based on the structure of the OECD / DAC Round Table on Strengthening Procurement Capacity that began in January, 2003. This has proven effective and flexible and it is recommended that this remain the core structure.
- b) The JV should continue to be managed by three Co-Chairs selected by members of the key constituencies of the JV: the multilateral banks / international organisations, the DAC donor countries and the partner countries. (See TORs in Annex-A.)
- c) The working group of the JV currently constituted on an informal basis and including the three Co-Chairs and representatives from the World Bank, the Asian Development Bank, and the African Development Bank, the Inter American Development Bank, the UNDP, bilateral donors and the DAC Secretariat should formalise its existence. Participation could be for a set period and a set membership or membership could vary depending on specific issues to be addressed (e.g. including the country host for an upcoming JV meeting or workshop). The total number of participants has to be managed by the Co-Chairs for efficiency and economy reasons. The main purpose is to have a dedicated, available group to develop and oversee the ongoing implementation of the JV's work program, prepare for JV meetings and provide timely advice to the Co-Chairs. (See TORs in Annex-B.)

2. Collaboration with other Organisations:

- a) The JV on Procurement expects to collaborate closely with the JVs for PFM and Results especially with regard to common areas of interest such as the use of country systems. The JV values this opportunity to work closer with these groups in the context of public sector governance.
- b) We will build on our collaboration with the Policy Coordination Division with regard to capacity development, governance, fragile states and donor peer reviews.
- c) The JV will continue its association with BIAC. This collaboration and exchange of views, is important and provides the opportunity to discuss the role of the private sector and ways we can work together to strengthen public procurement.
- d) The JV will build on its current collaboration and partnership with GOV/IID and DAF/ACD by, for example, exploring the possibility of joint work on anti-corruption diagnostic tools.
- e) The JV will seek to engage with regional organisations and networks that are involved in procurement reform initiatives to support the capacity development work they undertake and

to share tools, lessons learned and experiences. This is seen as a way to extend the benefits of the work of the JV to a broader number of partner countries.

- f) The JV will explore ways to collaborate with the UN Convention against Corruption (UNCAC).

D. *The Resources We Will Need*

1. Operations

- a) A dedicated DAC Secretariat Procurement Advisor.
- b) Based on the approved work program, a reasonable level of operations funding from the DAC Secretariat for: the travel of the advisor in the context of implementing the work program and of the partner country Co-Chair to attend JV and working group meetings, rental of conference facilities and equipment for JV meetings, translation and interpretation services and to hire consultants

2. Delivery of the Work Program

- a) At the last JV meeting in Arusha, there were 54 participants from 25 partner countries. The travel costs were financed by a grant from DFID managed by the UNDP office in Copenhagen and from the WP-EFF fund managed by the UNDP in New York. The total cost for travel and hotels was approximately USD 150,000.
- b) If there are annual JV meetings in a partner country over the next two years, this financing could either come from a combination of direct contributions from JV donors and the WP-EFF fund managed by the UNDP or all from one or the other.
- c) In addition to annual JV meetings, there are a number of JV regional workshops planned for 2009 in the Middle East and the South Pacific as part of implementing our core work program. In the past, such workshops have been financed by the World Bank and a combination of regional development banks, the UNDP and DAC donor countries. The host partner country has also made an important financial contribution, often in the form of the workshop venue.
- d) Five products are planned requiring funding from the DAC Secretariat to cover consultancy assignments, estimated to cost approximately 100,000 €:
 - I. Prepare a stocktaking of all partner country assessments using the JV's methodology. Continue to encourage other countries to do a self-assessment or joint assessment with development partner support. Continue to document country experiences and the links of assessment results to capacity development to be published in future chapters of the JV's "Compendium of Country Examples and Lessons in Applying the Methodology for Assessment of National Procurement Systems".
 - II. Develop additional tools, templates and guidance and share with procurement agencies and implementation entities interested in implementing the OECD/DAC methodology:
 - i. Facilitate the provision of appropriate training and awareness-raising to interested donor agencies and to partner country implementing entities as a means to help change behaviors and improve skills.

- ii. Prepare a template on how to prepare a capacity development strategy/plan following the completion of an assessment.
 - iii. Collaborate with the JV – MfDR on developing tools and methodologies for performance measurement in support of the methodology's Compliance and Performance Indicators. .
- III. Prepare a good practice guide on country initiatives aimed at strengthening local private sector capacity in collaboration with the local private sector.
- IV. Provide progress reports from development partner organisations and DAC donor countries that are members of the JV in which they share policies, operational plans and experiences related to their use of reliable country procurement systems.
- V. Develop in close collaboration with the JV – MfDR a tool to measure the benefits of good procurement as a means of promoting good public sector management and investments in strengthening procurement.

E. Our Next Steps

1. After the WP-EFF meeting on Nov. 25 - 26, a JV meeting will be scheduled in 2009.
2. A selection process to select the Co-Chairs for the JV will be organised within the three major constituencies forming the JV membership.
3. The new Co-Chairs will assume their responsibilities in 2009.
4. The TORs for the working group will be discussed and officially adopted at the next JV meeting.

JOINT VENTURE ON MANAGING FOR DEVELOPMENT RESULTS AND MUTUAL ACCOUNTABILITY

DIRECTIONS FOR FUTURE WORK

This note sets out proposals related to thematic tasks for future work, links to regional learning networks and an institutional structure for learning and exchange of best practices related to Managing for Development Results (MfDR) and Mutual Accountability. It aims to facilitate consultations among partner countries and donors active in Accra HLF Roundtables 4 and 5 and the JV MfDR and to inform the initial discussion of the WP-EFF at its meeting on 25-26 November 2008.

The note reflects preliminary thinking only. Annual meetings of Communities of Practice, a workshop facilitating partner country consultation (South Africa, January 2009) and a meeting of the JV MfDR (February 2009) will shape the content of this paper into a final draft to be submitted to the WP-EFF for decision-making on content, institutional structure and budget of the work at its next meeting in spring 2009.

Key Lessons from Accra

17. Some key lessons emerged from the Accra HLF immediately addressing future work on Managing for Development Results and Mutual Accountability.

Managing for Development Results:

- Progress in meeting the commitments and targets for effective aid that have been agreed in Paris has been slow; in particular regarding indicator 11 “Countries develop frameworks for monitoring development results” and indicator 12 “Mechanisms for mutual accountability are established at country level”.
- All domestic and external resources available for development need to be properly managed in a partner-led process. Without results management there will be no development results. MfDR has moved beyond an aid management instrument and became part of the core agenda for public sector reform to pursue development and growth.
- Strong results management systems need to be in place to manage the political change process. The challenge lies not only with the implementation of tools, but first and foremost with the change of deep-rooted patterns of behaviour. This requires political leadership, capacity development and the involvement of broader constituencies such as parliamentarians, civil society, the private sector and the media.
- Harmonised donor support and strengthened South-South and donor-partner learning mechanisms stand out as important drivers.

Mutual Accountability:

- Strong and credible mutual accountability mechanisms are crucial to support behaviour change and to contribute to development results.

- There is wide acceptance that delivering and accounting for development results is a mutually agreed agenda for both partner countries, donors and other stakeholders.
- Mutual Accountability needs to respect and complement domestic accountability. The best mutual accountability mechanisms and development results come from countries with the strongest domestic accountability mechanisms.
- Independent review and evidence, most importantly by parliaments and civil society, can strengthen mutual accountability.
- Mutual accountability has a broader remit that includes international obligations on gender, governance and human rights, environment and donor commitments on aid volumes.

What has been done?

18. The JV MfDR and other groups have delivered useful products to support the implementation of the Paris Declaration and the AAA. We know how to assess MfDR capacity; we know what good practice is in MfDR; how to assess the incentives structure in donor agencies and what effective mutual accountability mechanisms and systems at the national and international levels entails. What is necessary now is to implement, monitor and support the existing tools and know-how in practice.

What needs to be done next?

19. Future work now has to address remaining bottlenecks and to focus on advocacy, on communication and dissemination; on applying tools and their amendment if needed; on structured dialogue, mutual learning and exchange of experience; on real system wide capacity development and support of champions. Complementary to the implementation at country level it is imperative to strengthen peer-to-peer learning, in particular at regional levels, and to establish a platform at the international level where partner countries, donors and other development players come together to advance the MfDR and Mutual Accountability agendas. Key is to address and support the meaningful involvement of political leadership and behaviour change which is necessary for MfDR and Mutual Accountability implementation. In this regard, work has to address a whole range of adverse management and staff incentives, institutional disincentives and administrative impediments at both partner and donor level.

Who has to do what?

Implementation at country level and peer-to-peer learning:

20. Since MfDR and MA at the country level should be partner-led there is an overwhelming rationale for bringing the whole MfDR and MA implementation to country level and to strengthen South-South learning at country and regional levels. Peer-to-peer learning mechanisms (such as Communities of Practice) have proven to be excellent platforms for capacity development in relation to MfDR. Donor support without strings attached remains necessary to continue funding them since these processes need time. Overloading these mechanisms with tasks and expectations that are too high has to be avoided. In relation to Mutual Accountability it is important to strengthen collaborative mechanisms to address the problem of inequality of power and the lack of 'hard enforcement' mechanisms available to partner countries as well as strengthening linkages to domestic accountability fora.

Joint dialogue, agenda pushing, learning and advocacy at the international level:

21. At the same time there is an acknowledged need to further institutionalise the dialogue at the international level. To complement the efforts at country and regional levels, a strong forum is necessary for donor-partner dialogue, inter-regional exchange among developing countries, involvement of other stakeholders and debate of donor-specific issues around MfDR and Mutual Accountability. It still remains to be decided whether one single platform or two separate platforms for MfDR and Mutual Accountability will serve as the most effective working environment. Such a platform (or platforms) will provide space for joint dialogue, agenda pushing, learning and advocacy; it/they will have to work on three levels:

- On the practical level it/they will serve as clearing houses to support implementation at country and agency levels. It/they will identify good practice and provide for its dissemination. It/they will also support the use of existing tools, provide for evidence-based quality control and amendment if needed.
- On the conceptual level it/they will develop guiding principles to move the agenda forward.
- On the political level it/they will act as a prime advocate for Results and Mutual Accountability Issues. It/they will advocate for the change process and serve as the platform for structured dialogue with donors, partner country governments and broader constituencies to facilitate, exchange and change initiation.

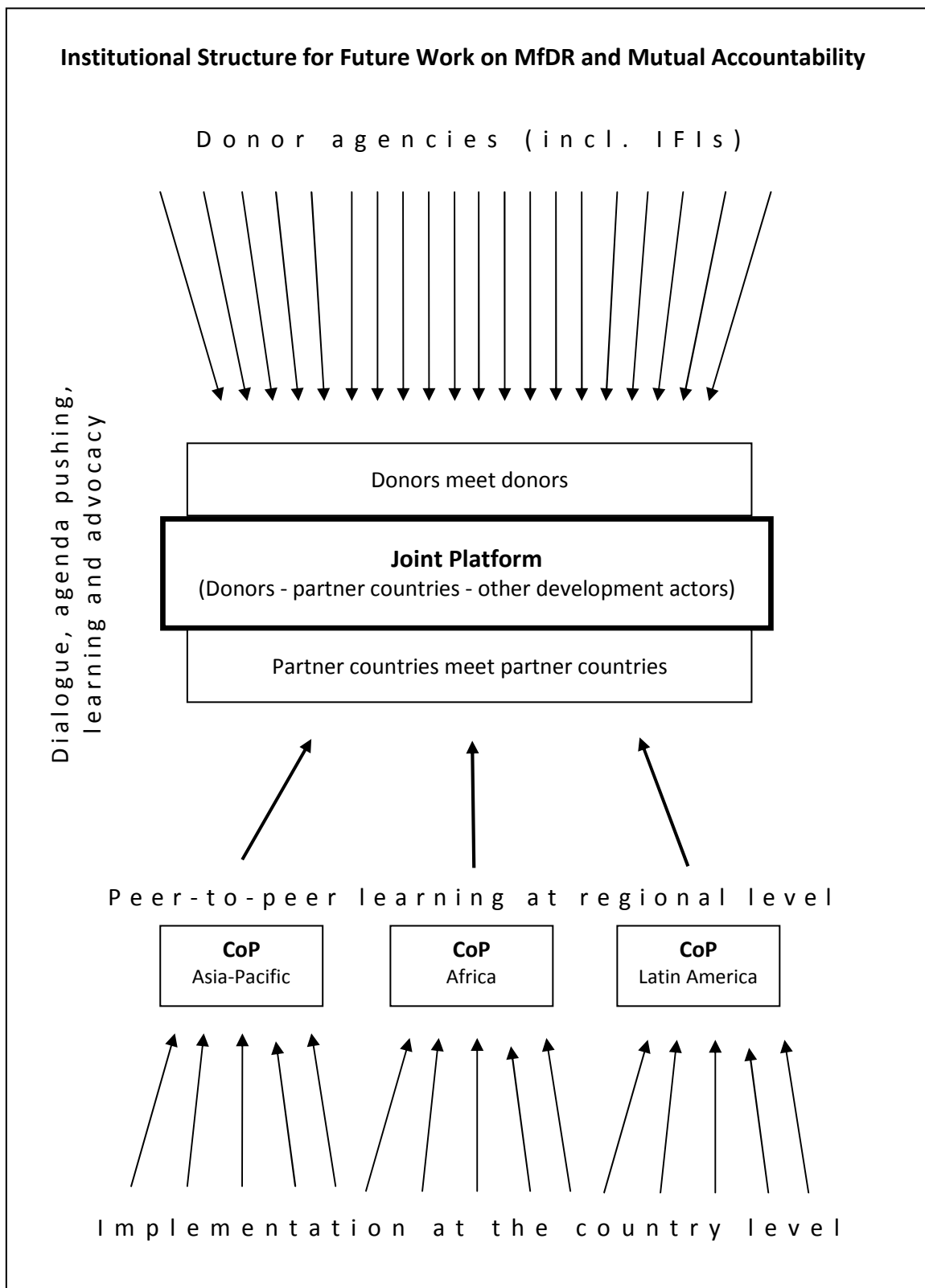
22. It will also be important to avoid duplication and link the work of such an international platform with other related work such as the Evaluation Network, the Capacity Development work stream, PARIS21 and the new GOVNET task team on aid and accountability.

AAA commitments GUIDE the direction of future tasks

23. The direction of future tasks is immediately based on the AAA commitments around MfDR and Mutual Accountability:

- A1 Strengthening MfDR Country Systems: Developing countries will systematically identify capacity gaps (§14a) and will, jointly with donors, assess the quality of country systems in a country-led process using mutually agreed diagnostic tools (§15c). They also will, with support from donors, improve statistical capacity and information systems, including disaggregating data by sex, region and socioeconomic status (§23a,c). Developing countries and donors will jointly develop results management instruments and coordinate/link the various sources of information (§23b).
- A2 Guidance on Incentives: Developing countries and donors agreed to strengthen incentives for aid effectiveness and systematically review legal or administrative impediments (§23d). In addition, donors agreed to pay more attention to delegating sufficient authority to country offices and to changing organisational and staff incentives to promote behaviour in line with aid effectiveness principles (§23d).
- B1 Good Practice in Mutual Accountability at the Country Level: The AAA includes a commitment to step up efforts to ensure that mutual assessment reviews are in place by 2010 in all countries that have endorsed the Paris Declaration, based on country results reporting and information systems and drawing on emerging good practice with stronger parliamentary scrutiny and citizen engagement (§24b).

- B2 Review of Mutual Accountability at the International Level: Developing countries and donors agreed to jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries, and review proposals for strengthening the mechanisms by end 2009 (§24c).



MfDR and Mutual Accountability Work Program 2009 – 2010: Results Framework
The overarching objective: making a difference in the lives of poor people in the partner countries

	A: Managing for Development Results	B: Mutual Accountability
AAA / Paris Declaration Tasks	A1: Strengthening MfDR Country Systems A2: Guidance on Incentives	B1: Good Practice in Mutual Accountability at the Country Level B2: Review of Mutual Accountability at the International Level
Objectives	<ul style="list-style-type: none"> Donors and partners manage development resources for results more effectively to achieve development outcomes. 	<ul style="list-style-type: none"> Donors and partners work together to strengthen mutual and domestic accountability mechanisms and make more effective use of development resources.
Expected Outcomes	<ul style="list-style-type: none"> Vibrant national, regional and global advocacy; structured learning and dialogue (amongst partner countries, between partner countries and donors, amongst donors) providing vigilance on progress on AAA/PD commitments on MfDR High quality MfDR instruments are used in and by partner countries, donor agencies and IFIs, incl. the MDBs Incentives for development effectiveness are strengthened in both partner countries and donor agencies Strengthened MfDR capacity amongst all ranks including “senior executives” to become effective change agents Support for MfDR champions in both partner countries and donor agencies 	<ul style="list-style-type: none"> Mutual accountability frameworks at country level lead to increased transparency, accountability and responsiveness in donor and partner countries. More effective international accountability mechanisms complement and strengthen mutual and domestic accountability at country level A stronger role played by parliaments and civil society in mutual accountability Credible independent evidence is used to strengthen the results focus of accountability mechanisms at the country and international levels. Mutual Accountability mechanisms routinely cover broader issues, including those of gender, human rights, environmental sustainability and donor commitments on aid volumes.
Outputs	<ul style="list-style-type: none"> Use of MfDR capacity & quality assessment tools (Cap Scan etc), including evidence based quality control and improvements Assessment of donor incentives against good practice principles Development of good practice tools on incentives in partner countries Distilling good MfDR practice in and technical guidance for developing countries and donor agencies (Sourcebooks, Technical Guidance Notes etc.); e.g. demonstrating the successful strengthening of results focused country systems, in particular results based planning, performance budgeting, results based monitoring and evaluation, performance audits and feedback mechanisms Advocacy for country led joint evaluations and strengthening of existing guidelines on joint evaluations by actively involving partner countries Harmonisation of donor evaluation guidelines, approaches and methods Regional and/or cross agency training facilities A lively and sustainable dialogue platform for partner countries, donors and other development actors 	<ul style="list-style-type: none"> Review of proposals for strengthening international accountability mechanisms (by end 2009) Strengthened capacity in partner countries to generate, analyse and make publicly available comprehensive data on development resources, including donor funds, and use of such data for policy development, planning and advocacy. Country and international level ratings show effective use of strengthened mutual accountability mechanisms. Parliaments, media, civil society and communities are capacitated and effectively engaged in mutual accountability mechanisms; parliaments debate the use of aid and the results achieved. Country level mutual accountability reports published and debated. Common understanding of mutual accountability and good practice promoted through sharing of experience, south-south learning, peer review mechanisms, support facilities etc. at country, regional and global levels. International and national support mechanisms in place (including financial support) to document and spread good practice on mutual and dom. accountability.
Inputs	Budget and means to be worked out after agreement on the basics	Budget and means to be worked out after agreement on the basics

Annex A – ToR for the co-chairs of the JV on procurement

24. The Co-Chairs are responsible for management and leadership of the JV which is made up of representatives from different partner and bilateral donor countries and multilateral organisations. Each Co-Chair is expected to serve for 2 – 3 years.

25. There can be up to three Co-Chairs / JV: one representing the partner country constituency, one from the bilateral donor countries and one the multilateral banks and international organisations. Within each JV, each constituency identifies and selects its own recommended Co-Chair; these TORs are the basis of identification and acceptance.

26. The Co-Chairs prime contact regarding the mandate, structure and work plan is the Head of the Aid Effectiveness Division. Their primary contact person in the OECD/DAC Secretariat for administrative and logistics issues is the Procurement Advisor in the Aid Effectiveness Division.

The Co-Chairs are responsible for overseeing the development and implementation of the JV work plan and for ensuring the provision of timely input on monitoring and reporting on progress according to agreed milestones and formats.

27. The Co-Chairs are responsible for ensuring coordination and harmonisation of work programs with other JVs and organisations that are working on achieving cross cutting objectives and programs of the WP-EFF and the AAA.

Annex B – ToR for the Working Group of the JV on Procurement

General

28. An informal working group was put into place by the Co-Chairs just after the first meeting of the JV in Manila in early 2006. The first task was to draft a version of the assessment methodology that had been discussed during the meeting and that would be circulated in a short period of time to JV members for comments. The JV members asked by the Co-Chairs to be part of this first task were representatives of the World Bank, the Asian Development Bank, the Inter-American Development bank, the African Development bank, the UNDP, the bi-lateral donors and the DAC Secretariat.

29. Since this time, the working group has continued to plan and to manage implementation of the JV work program that has been presented and discussed at JV meetings. Progress on this implementation has been reported on at the beginning of each meeting and members have the opportunity to ask questions and to comment.

Specific

30. The purpose of the working group is to assist the Co-Chairs in planning and overseeing the delivery of the JV work plan. The working group should be representative and limited in size to maintain efficiency. Members of the working group have to be committed to working together in a constructive way in order to oversee delivery of the work program.

31. The World Bank and UNDP should be represented, as should the regional development banks. Active bilateral donors should also be represented. Partner country representation should be expanded; for example, a participant from the partner country planning to host the meeting of the JV should be invited to participate in working group meetings leading up to the JV meeting.

32. Members of the working group are expected to be able to:

- Have the capacity and a mandate to speak on behalf of their institutions and the resources to attend working group meetings (partner country reps would need to be supported by the JV budget.)
- Be able to represent the views and plans of their institutions and be prepared to make recommendations to decision-makers in their respective institutions concerning local ownership and needs and for financial support for implementation, especially for capacity development

33. Annually, at the time of WP-EFF meetings for example, the Co-chairs and representatives of the working group will meet with the Co-Chairs of the other JV's involved in implementing cross cutting programs and the Head of the Aid Effectiveness Division to review the progress made in implementing the respective work plans, identify issues or problems to address together and consider opportunities for collaborative work.

ADVISORY GROUP ON CIVIL SOCIETY AND AID EFFECTIVENESS

DIRECTIONS FOR FUTURE WORK

Background

34. The Advisory Group on Civil Society and Aid Effectiveness (AG-CS) was established in January 2007 to advise the WP-EFF on how to bring civil society organisations (CSOs) into the aid effectiveness agenda. It was constituted as a multi-stakeholder body comprising equal representation from country governments, donors, Northern CSOs and Southern CSOs.

35. The *Synthesis of Findings and Recommendations* of the AG-CS was endorsed in draft form by the WP-EFF last July, and is the AG-CS' principal outcome document, complementing the co-chair's report on Roundtable 6 and the AAA itself.

36. Although implementation of the various recommendations contained in these documents will require concerted and ongoing multi-stakeholder efforts, the AG-CS considers that it has completed its mandate, and held its last meeting in Paris on Oct. 24-25, 2008.

37. This meeting was part of a series beginning on Oct. 22 involving the DAC Secretariat, an extended group of CSOs, and representatives from 14 donor agencies. Its purpose was to take stock of the AG-CS experience, and to develop an extended consensus on how multistakeholder efforts should be organised in pursuit of the forward agenda on civil society and aid effectiveness post-Accra.

Stocktaking

38. The general consensus is that the AG-CS process was successful in securing increased CSO participation in the aid effectiveness dialogue, and that this had a positive impact on the quality of that dialogue.

39. The amount of interest in the AG-CS process was itself remarkable. Considerable resources were marshalled from both the donor and CSO communities, and thousands of organisations were involved in an extensive consultative process involving developing country governments, donors, and CSOs that helped to deepen and enrich understanding of aid and development issues in all regions of the world.

40. Emerging from these and parallel processes is a global CSO community that is increasingly well organised to participate in discussions of aid and development effectiveness through the BetterAid platform, a CSO alliance coordinated by the International Steering Group (ISG) that represented the face of civil society in Accra (both the CSO Parallel Forum and the HLF).

41. In Accra, nine hundred CSO and other stakeholder representatives came together for the parallel CSO forum prior to the HLF, in order to prepare their contribution and to reinforce the HLF in terms of development and aid effectiveness. In the HLF, CSOs contributed to both the plenaries and the various roundtables, including RT6 on the Role of Civil Society in Enhancing Aid Effectiveness.

42. The AAA itself reflects our enhanced understanding of development and aid effectiveness, under the themes of ownership, more inclusive partnerships, and accountability for results. More specifically, it recognises that the involvement of CSOs as independent development actors in their own right is fundamental to both development and aid effectiveness, and commits us to working together to ensure that CSOs enjoy a favourable enabling environment, including appropriate donor support models.

43. Also emerging from the AG-CS process is increased attention to CSO effectiveness as something to be pursued both by CSOs themselves and as a shared responsibility, as reflected in the initiation of a comprehensive CSO-led Open Forum process on CSOs' development effectiveness.

Lessons

44. A number of important lessons emerge from the work of the AG-CS that may help to shape the forward agenda. Among these are the following:

- The need for combined efforts by all stakeholder groups, including adequate and appropriate models of funding by the donor community, collaboration from developing country governments, and engagement by a wide range of CSO actors
- The need for special attention to engagement by governments from recipient countries – we need to explore how to engage better with all parties as part of a truly tripartite process
- The advantages of combining strong global leadership with bottom-up efforts structured according to the particularities of different contexts
- The important distinction that must be made between the multi-stakeholder process supported by the AG-CS and CSOs' own processes whereby CSOs could speak with their own voice, organised by the ISG and the BetterAid platform,
- The diversity of CSOs, and the need to recognise that there is no single CSO voice – just as there cannot be a single donor voice or a single developing country government voice – and the need for careful attention to issues of inclusiveness and representativity of CSO participation, including CSO voices that can speak both to general development agendas and to issues of CSO effectiveness more specifically
- The need to recognise both the strengths and weaknesses of CSOs and the different cultures of engagement with CSOs that define the enabling environment in different countries.

Recommendations

45. Taking these achievements and lessons into account, the AG-CS proposes the following recommendations as its final contribution for consideration by the WP-EFF:

- a) Civil society organisations should become official members of the WP-EFF, with full and formal participation in WP-EFF deliberations, under a formula to be defined in collaboration with the ISG-BetterAid platform when the WP-EFF is renewed in 2009. CSO representation should be structured in a way that helps to build broad CSO ownership, ensures continuity and accountability, and recognises the inherent diversity of civil society.
- b) The forward work streams under elaboration by the WP-EFF should also involve CSOs as full participants, in particular those on Ownership and Accountability and on Aid Transparency. Formulas should be found to enable those CSOs with the greatest degree of specialised expertise to participate in each work stream.
- c) We recommend the establishment of a core group of WP-EFF members to act as an ad hoc reference group or “coalition of the willing” to promote and monitor action on the AG-CS Findings and Recommendations and sections of the AAA of special relevance to CSOs, notably

paragraph 13b on capacity development, paragraph 20b on the CSO development effectiveness initiative, and paragraph 20c on the enabling environment for civil society (interpreted to include donor models of support).

- d) We consider that special attention needs to be accorded to multi-stakeholder efforts at the country level. While such efforts are likely to take place independently, global efforts will be required to give impetus to such efforts and encourage mutual learning.
- e) It is anticipated that broad-based and inclusive participation of CSOs from around the globe in these various elements of the forward agenda will require financial resources. It is recommended that donors pool their resources in supporting these processes, in line with the Paris principle of harmonisation and successful experimentation of good practice piloted under the AG-CS consultation process.

Conclusions

46. As a stakeholder community, we have become increasingly aware over the past 18 months of the range of important roles played by CSOs as development actors and the significant roles that they play in development cooperation as aid donors, recipients and partners. The inclusiveness of the AAA in this regard is a notable and important step forward. Likewise, the *Synthesis of Findings and Recommendations* produced by the AG-CS outlines a concrete agenda of recommendations worthy of follow-up.

47. There is much to be done, and the way forward requires that we marshal our collective efforts in two ways:

- from the bottom up at the country level, where stakeholders at the field level can take the initiative to work on locally identified priorities and opportunities; and
- globally, to provide leadership and momentum, ensure some rationalisation and coordination of efforts, and promote mutual learning.

HEALTH AS A TRACER SECTOR

DIRECTIONS FOR FUTURE WORK

I Background

48. The Task Team on Health as a Tracer Sector (TT-HATS) was formally established in early April 2008 to develop the contribution from the health sector to the Third High-Level Forum on Aid Effectiveness (HLF-3).¹³ The TT-HATS was successful in reflecting the lessons learned on aid effectiveness including those from the health sector in the inputs and deliverables which were prepared for Accra.

49. Health continues to offer important lessons in the area of aid effectiveness and many ongoing initiatives in health focusing on aspects of aid effectiveness at the global, regional and country levels need to be reported about. Similarly, the commitments presented in the Accra Action Agenda (AAA) offer additional opportunities for further progress in health aid and health impact on the ground. A recent OECD Global Forum for Development workshop on innovative financing for development discussed the lessons from using innovative financing mechanisms in the health sector, with a focus on predictability and country ownership.

50. In light of the HLF-3 outcomes, this note presents options for future thematic focus and for organisation of the TT-HATS such that it effectively accompanies the Working Party on Aid Effectiveness' mandate to assess and monitor progress in the implementation of the Paris Declaration (PD) and AAA (*Sections I*). *Section II* presents selected examples of the implications of the AAA for health. Finally, *Sections III and IV* presents the contribution from the TT-HATS to Accra and more recent developments on Health as a tracer sector.

I Options for Future Work: building on achievements and seizing opportunities

1.1 General Organisation and principles:

51. Systematic monitoring of progress in aid effectiveness and health remains an important objective and will support the delivery of the AAA.

52. The TT-HATS was created as an informal technical group. This gives it the flexibility in how it functions and keeps it open to collaborative relation with the WP-EFF and its sub-groups through specific outputs that derive from the AAA and are of mutual interest.

53. The TT-HATS identified two objectives for its future work: i) fostering the implementation of the commitments made in the Paris Declaration and AAA in the health sector; ii) providing the opportunity for sharing knowledge and experiences among donors and partner countries through a collaborative structure and organisation.

¹³ Terms of Reference for the Task Team on Health as a tracer sector (TT-HATS) were shared with members of the Working Party on Aid Effectiveness during their meeting of 2-3 April 2008.

54. The following principles would guide the second phase of the TT HATS work:

- Stronger ownership and country contribution: This includes stronger representation of partner country representatives in the TT-HATS and more country work to look at actual change and implementation of the PD and AAA.
- Broader partnerships: This would ensure effective contribution from partner countries and all development partners including CSOs.
- Collaborative organisation and link with other groups focusing on aid effectiveness including at the sector level such as: International Health Partnership; Global Programs Learning Group; Harmonisation for Health in Africa; future Joint Ventures or groups that will work on monitoring the AAA, use of country systems, results and accountability, capacity building, and division of labor; Education For All/FTI.

1.2 Thematic Focus (Proposed Work Programme November 2008-2011)

55. The themes presented below are all suggestions, and have been formulated to stimulate the debate (no time-line is set up in this preliminary phase):

1. Aid management: predictability, technical support and division of labour

Expected outcomes:

- Evidence on whether commitments to improve the predictability of aid for health have been implemented.
- Evidence and best practice on how to strengthen links between the health sector and macroeconomic planning and budgeting processes in order to improve predictability of resources flows to the sector, from both domestic and external sources.
- Evidence on how division of labour commitments are being implemented at country level in health, which is one of the most crowded sectors.

Outputs:

- Track commitments and disbursements for the health sector in a set of countries over 12 month period. Investigate possible reasons for delayed disbursements, on the side of donors and recipients.
- Link to OECD work stream on division of labour.
- Contribute to the work of the North-South Consortium of agencies that will provide annual reports on adherence to commitments (IHP+) health MDGs country compacts.

2. Ownership: use of country systems and support to national strategies

Expected outcomes:

- Greater clarity on how to operationalise Programme-Based Approaches in the health sector, mindful of the complexity of the health aid architecture at country and global levels; synthesising examples of good practice and lessons learnt from country experience.
- Guidelines on how the PD /AAA, and Arusha commitments on use of country procurement systems can be operationalised in the health sector, given the particularities associated with purchase of medicines and medical equipment.
- Evidence on more harmonised technical support functions in countries to develop and implement sound health and/or AIDS plans.

Outputs:

- Policy Brief on *PBA in Health: Guidelines and Examples of Good practice*, which draws on available developments (including from the International Health Partnership) and country studies if necessary.
- Engage with the Joint Venture on procurement in a limited set of countries which will assess the quality of procurement systems for drugs and formulate recommendations contributing to more use of country systems.
- Track and report about progress in harmonised technical support functions in countries, using existing initiatives such as Harmonisation for Health in Africa and IHP+.

3. More effective and inclusive partnerships

Expected outcomes:

- Strengthened evidence on relevance, effectiveness, inclusiveness and sustainability of multiple stakeholder partnership initiatives, including global programmes and funds, to advance the health MDGs in line with PD/AAA commitments.
- Strengthened dialogue with international and local NGOs that support the work on aid effectiveness and health. Areas of focus could include capacity building for local CSOs.

Outputs:

- Contribute to and support the work programme of an inclusive Global Programmes Learning Group from the health perspective. Contributions may include meetings and inputs to the briefings that the GPLG aims to prepare for the WP EFF on specific items.
- Contribute to the selection and provide support to an active CSO representative within the TT HATS. Ensure effective dialogue and contribution from this representative to the forthcoming and broader contribution of CSOs to the WP EFF.

4. Monitoring and accountability for results

Expected outcomes:

- Providing inputs to the AAA broad monitoring/assessment exercise which will be undertaken by one specific Group in support of the WP EFF on the lead up to the HLF 4.
- Greater transparency and improved reporting of health aid flows by OECD/DAC's Creditor Reporting System.
- Clarity on how to monitor "aid effectiveness and health".

Outputs:

- Collaboration established between Task Team and OECD DCD Statistics colleagues to review the way that aid for health, including for specific diseases, is classified in the CRS and to “encourage a better reporting of the flow of funds from the original sources (e.g. taxpayers, voluntary contributors) through all the intermediate channels to the country level”.¹⁴
- Propose a contribution on progress in health from a set of donor and partner countries to the monitoring of the PD/AAA using the current indicators or piloting new ones; provide inputs to the second phase of the evaluation of the PD.
- Study/policy brief on monitoring aid effectiveness in health, which sets out guiding principles and gives examples of good practice.
- Move to the use of common health results frameworks (as defined in the IHP+) and harmonised inter-agency efforts to strengthening national health information and data gathering systems.

II AAA Commitments: selected examples of what they mean for health

56. The AAA starts with the recognition that “this is a moment of opportunity”, that “access to health care remains a major issue in many parts of the world” and that “we need to achieve much more if all countries are to meet the MDGs”. Below are some of the commitments from the AAA which are directly relevant for the health sector with illustrations of what they actually mean in terms of change or action:

AAA thematic focus	Commitment/article	Implications for health
Ownership	Developing countries commit “to broaden country-level policy dialogue and strengthen the capacity to perform and deliver services at all levels and design strategies to address them”. Donors commit to “strengthen their own capacity and skills to be more responsive to countries’ needs”(art. 13-14)	Developing countries to design sound costed and results-focused MDG based health strategies that link with the broad development framework and derive from an open dialogue with all stakeholders including CSO and the private sector which play a key role in health service delivery. Developing countries to invest in capacity

¹⁴

See conclusion of Accra Round Table 9: “OECD DAC should continue to encourage active learning and sharing on aid effectiveness among existing and new global programs, and consider providing a forum to facilitate monitoring, discussion and action”.

		development including planning, costing and budgeting for health, health information systems... Donors to provide appropriate, harmonised and timely technical support in response to the needs expressed by countries in these areas
	"Donors agree to use country systems as the first option for aid programmes in support of activities managed by the public sector". If Donors choose other options, they will have to explain why and review regularly their position. Developing and donor countries will jointly review country systems using mutually agreed tools (art 15 a,b,c)	All donors, including global health partnerships, to use as the first option national audit and evaluation procedures and drugs procurement systems. If they don't, they will need to explain why. Apply the recently agreed Arusha Statement on procurement in health with interested and qualified partners
More effective and inclusive partnerships	Donors commit to reduce the cost of fragmentation by improving the complementarity of donor's efforts and the division of labour among donors, including through improved allocation of resources within sectors, within countries and across countries". Efforts will be made by donors/developing countries and the WP EFF to complete good practice principles on country-led division of labour. Evaluation of progress in implementing better coordination will start in 2009. Dialogue on international division of labour across countries will start in June 2009 (art 17 a-b)	Reduce the costs of high fragmentation of health aid highlighted by OECD work. Ensure that reducing the number of donors in health in countries does not translate in country priorities and activities being unfunded. Improve coordination and harmonisation of all donors' activities (joint mission, planning, reporting, auditing) Start evaluate progress in 2009 Clarify the division of labour in global health drawing on the IHP+ and other partnerships
	Global Funds and Programs need to "support country ownership, to align and harmonise their assistance proactively, and to make good use of mutual accountability frameworks, while continuing their emphasis on achieving results". If new global challenge emerge, "donors will ensure that existing channels for aid delivery are used and if necessary strengthened before creating separate new channels" (Para 19 c)	Global Health Partnerships to further deepen the implementation of the Paris Declaration/AAA agenda, promote best practices through the Global Programs Learning Group Avoid launching new initiatives and improving communication about ongoing global initiatives
Delivering and accounting for development results	"Donors will align their monitoring with country information systems". "Donors will pay more attention to delegating sufficient authority to country offices and to changing organisational and staff incentives to promote behaviour in line with aid effectiveness principles" (art 23)	Donors to use and strengthen country monitoring systems in health ministries Donors to provide the right incentives to their staff to promote and implement the aid effectiveness principles in health
	Donors will disclose regular and detailed information on volume, allocation and results of development expenditures. As agreed in the Paris Declaration, there will be "mutual assessment reviews in place by 2010 in all countries that have endorsed the Paris Declaration" which will be based on "country results reporting and information systems complemented with available donor data". Donors and developing countries will jointly review and strengthen existing international accountability mechanisms. By end of 2009, proposals will be made to strengthen these mechanisms (art 24).	Improve transparency and quality of all donors (bilateral, GHPs and multilateral organisations) reporting of health aid flows at global and country level Donors and partner countries to agree on and develop joint monitoring and evaluation frameworks that will assess the implementation of the aid effectiveness principles and their impact on health outcomes

	<p>Increasing medium-term predictability: “developing countries will strengthen their budget planning processes for managing domestic and external resources”. “Beginning now, donors will provide full and timely information on annual commitments and actual disbursements”...”donors will provide developing countries with regular and timely information on their rolling 3-5 year forward expenditure and or implementation plans with at least indicative resource allocations that developing countries can integrate in their medium-term planning and macroeconomic frameworks” (art 26).</p>	<p>All donors start now to provide full and timely information on annual commitments and actual disbursements in health Improving medium-term predictability of health aid is critical for countries that need to plan and invest in long-term plans and budgets to fund recurrent costs (health personnel, lifelong treatments...)</p>
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III Health as a tracer sector: successful contributions to Accra

57. HLF 3 in Accra used the lessons and illustrations from the work on health as a tracer sector through the following events:

58. **III.1** The side-event on predictability of health aid: The very qualitative discussion built on the “Effective Aid – Better Health” and the study on “Donors’ constraints to provide long term health aid” which was commissioned by WHO. The discussion illustrated why aid is currently unpredictable, the difficulties that derive from this for planning and budgeting in countries, the real blockages (political rather than technical) for making real more predictable, the promising ways to make health aid to countries more predictable (but some also noted the number of new health initiatives can be confusing and be perceived as such), the need and options for more spending for health in countries including for health personal, the need to link financing to results and to have single country validation and reporting process which encourages longer-term funding and use of country systems.

59. **III.2** Round Table 8 on sector application of the Paris Declaration had been prepared though a wide consultation process that included coordination with existing work streams in four sectors including health. The discussion illustrated the key factors to ensure solid planning and avoid sector narrow approaches and it also stressed the need to invest in key areas such as results-based management, Public and Financial Management and information management, whilst considering that time is needed to manage successful sector reforms. RT 8 concluded that the *10 following points* are fundamental to the enhancement of sector development effectiveness:

- Donors and their aid is not the centre of the development universe. Change from an aid delivery to a sector development perspective
- The Paris Declaration principles apply equally to all sectors – but one size does not fit all
- Move from focus on inputs and conditionality to mutual accountability for results
- Be practical about planning. If consensus on a “perfect plan” is proving elusive, be prepared to start implementing, measure results and improve plans through use
- Place capacity and institutional development at the core of sector programmes and strategies. But avoid treating technical assistance as the single solution
- Prioritise alignment over harmonisation (of procedures) between donors
- Don’t turn SWAps into SNAs (Sector Narrow Approaches)
- Promote pragmatic mechanisms for democratic ownership and stakeholder involvement at sector level
- Match sector reform with “development partner (donor) reform”. Focus on relevant knowledge and incentives for all actors
- Address incentives and the political economy of sector development – don’t shy away from the real problems.

60. **III.3** Round Table 9 on the Aid Architecture welcomed the increasing diversity of providers of development assistance whilst noting that fragmentation of aid deriving from multiple sources of funding was a challenge for countries that need to be dealt with in order to maximise the impact of additional resources. The second part of the discussion focused on Global Funds and Programs. The preparation process had ensured contribution of and coordination with the Global programmes Learning Group (which is led by the Global Fund and includes the GAVI Alliance). The discussion recognised that GPFs had many positive achievements and a positive focus on results and ownership and progress towards more predictable funding. But, particularly where such funds were large and had a specific focus, some noted “side-effects” of earmarking. Participants called for a better balance between earmarked funds and funds that responded to local needs across the board, and by more integrated approaches, in line with the Paris Declaration. There was a call to “think twice” before creating new global funds or separate aid channels and to give priority to reforming existing institutions to address new challenges. There was a danger that new global funds would simply re-route existing aid, rather than deliver real additionality.

61. **III.4** The market place offered illustrations of progress in health and aid effectiveness through posters on Mali and International Health Partnership, several countries’ posters that presented achievements and challenges in health, posters from health organisations and CSOs.

62. **III.5** The work of the TT HATS and its particular focus on the question of predictability was indirectly reflected in the OECD SG introductory remarks at the ministerial segment (“predictability is very important for health which relies on long-term and recurrent funding to deliver key services”).

IV Assessing Innovative Financing mechanisms in health from an aid effectiveness perspective

63. On 7 October 2008, a workshop was organised within the OECD Global Forum on Development with the Brookings Institution and IESE business school (University of Navarra, Spain) to share views and “lessons for development finance from innovative financing in health”. This one-day workshop brought together 27 high-level experts coming from health and other sectors, from donor and partner countries and both public and private sector. Four sessions out of five explicitly dealt with innovative approaches in the health sector (including the IFFIm, the AMCs, Unitaid, Debt-to-Health, ProductRed) and examined the progress and challenges associated with their design and implementation. Particularly, the debate touched upon the issues of predictability, country ownership and alignment and results focus. Participants concluded that there is a need avoid a dichotomy between implementing the PD principles and AAA commitments and setting up new financing mechanisms. Also, they outlined the need to continue to document innovative financing, learning from the sectors where they are being most developed.

**TASK TEAM ON RATIONALISING AID DELIVERY/FOSTERING COMPLEMENTARITY
(DIVISION OF LABOUR)**

DIRECTIONS FOR FUTURE WORK

‘We will reduce the costly fragmentation of aid’ (AAA § 17)

64. In § 17b of the Accra Agenda for Action, developing countries and donors committed themselves to work together with the Working Party on Aid Effectiveness (WP-EFF) to complete the draft Good Practice Principles on in-country Division of Labour. This note outlines the intended finalisation process in order to adopt these principles in the WP-EFF.

65. In response to the Paris Declaration commitment to a pragmatic approach towards increased complementarity and reduced transaction costs of aid, eight draft Good Practice Principles on In-country Division of Labour were elaborated under the management of the Task Team on Rationalising Aid Delivery/Fostering Complementarity. Initial draft principles emerged during a workshop with developing countries and donors in Pretoria (February 2008). They aim at distilling emerging standards of good practice into a normative form and were circulated for consultation, particularly during the regional preparatory events of the developing countries for the Accra High Level Forum (HLF). The draft Good Practice Principles were sent to the members of the WP-EFF before the meeting in July 2008. The conclusions of HLF Roundtable 3 on Harmonisation reconfirmed the relevance and need for good practice principles to further guide successful in-country DoL processes.

66. The finalisation of the Good Practice Principles is proposed to take place over the coming months leading to the adoption of the principles at the meeting of the WP-EFF in March/April 2009. The process will include the following steps:

- i. The draft Good Practice Principles on In-country Division of Labour are circulated to all members of the WP-EFF before the next meeting of the WP-EFF on Nov 25/26, 2008.
- ii. The WP-EFF at its meeting on Nov 25/26, 2008, will invite written comments on the Draft Good Practice Principles until Dec 15, 2008, to be sent to the Secretariat.
- iii. The opportunity to discuss the Draft Good Practice Principles in detail will be organised in the afternoon of Nov 26 at the OECD-DAC headquarters in Paris (invitation to the meeting will follow). Whereas this session is especially aimed at providing developing countries the opportunity to express their positions and concerns regarding the current draft of the Good Practice Principles, all interested members of the WP-EFF will be invited.
- iv. On the basis of all comments received, the Task Team Rationalising Aid Delivery/Fostering Complementarity will finalise and circulate the Good Practice Principles to all members of the WP-EFF for adoption at the meeting of the WP-EFF in March/April 2009.

67. In line with the commitments of § 17 of the Accra Agenda for Action, the overall Work Program 2008/2009 of the Task Team Rationalising Aid Delivery/Fostering Complementarity will comprise (i) the finalisation of the Good Practice Principles in in-country Division of Labour, (ii) the preparation of measuring and evaluating progress on in-country division of labour, (iii) developing proposals for a format

to start dialogue on cross-country division of labour, (iv) establishing an international electronic information platform providing general information, good practice examples as well as tools for the implementation of successful division of labour processes.

MEMORANDUM ON THE CAPACITY DEVELOPMENT ALLIANCE AND HOW IT MIGHT LINK UP WITH THE WP-EFF

Background

68. This memorandum is for the attention of the WP-EFF as a possible agenda item for its November meeting. It seeks to outline some thoughts as to how the proposed Capacity Development Alliance might link up with the WP-EFF.

69. As indicated in the two-page outline sent in late October for circulation to the DAC membership (annex), the alliance does not intend to duplicate work done by others in this area; on the contrary, our explicit intention is to build on and coordinate with all parties active in capacity development, recognising that a number of parties have become active in this field.

70. Briefly, the alliance is a policy-level forum/platform for southern leaders and practitioners to get together for exchanging experiences, supporting CD initiatives based on lessons learned. We will engage in a constructive joint dialogue with donors to implement the capacity development mandate through 2011 as endorsed in the Accra Agenda for Action.

71. The alliance is among the first southern-led initiatives to get organised as a response to the CD challenges and objectives outlined in the AAA. We have identified some excellent candidates for membership of the alliance core steering group, with a few more being considered, to ensure adequate representation from the south and from the north. We expect to have more than a critical mass of members before the end of this year to discuss in more depth issues pertaining to CD priorities and key elements of an action plan. Meanwhile, informal consultations will continue with interested parties until a solid consensus is reached on all important aspects of the alliance.

Relevance to Future WP-EFF Work

72. A key agreement reached in Accra, and the meetings held in its preparation, is that the South must play a more active leadership role, assume ownership of its development priorities and aid policies, and carry out the commitments southern countries have made. The alliance will provide a learning and discussion forum to assist the south in initiating and mobilising the political and senior-level decision making necessary to translate commitments into aid and development action.

73. The alliance can help by playing a supportive and complementary role to the WP-EFF in terms of capacity development, at the level of its four objectives:

- Mobilising political champions in the south;
- Facilitating coordinated capacity development initiatives;
- Enhancing south-south and triangular cooperation in CD; and
- Promoting wider outreach

74. These objectives will be pursued largely around the AAA priority capacity development topics:

- Sector and thematic focus for strategy and coordination
- Systemic issues that detract from CD
- Enabling civil society and private sector CD
- CD in fragile situations
- Country system CD (finance, procurement, statistics, results)

75. In doing so, the alliance will provide inputs to the WP-EFF deliberations and answer questions on CD priorities and needs, how southern leaders view cooperation modalities, where south-south cooperation is particularly relevant, etc. In a nutshell, the alliance will help southern countries translate CD needs into political commitments and in this way avoid the pitfalls of supply-driven CD assistance. ***Its ultimate objective is to facilitate the implementation of the AAA in capacity development.***

Linking Up with the WP-EFF

76. How might the alliance constructively link up with the WP-EFF, which will have substantial responsibilities for facilitating the implementation of the more than 50 AAA actions? I see the work of the alliance in direct support of the WP-EFF and vice-versa.

77. Options for linking up could be: (a) through having a few members of the alliance core group joining as members of the WP-EFF, with designated roles to bring to the WP CD issues as discussed at alliance forums and receive feedback; or (b) through overlapping/cross membership with the JV on Procurement and Task Force on MfDR and Mutual Accountability. The first option has the advantage of providing direct input into WP-EFF deliberations and interactions with its broad membership and could be supplemented by cross membership with the two more specialised groups indicated above.

78. The link with the JV on Procurement would be particularly useful in connection with its proposed agenda and work program items which focus on capacity development strategies and refer to leveraging resources to implement CD in the broader country system reform context. Similarly, linking up with the DAC work on Managing for Development Results and Mutual Accountability, for which capacity development is an underlying theme, would be mutually beneficial.

79. In addition, it is noted that, at its meeting of 23 October, the DAC approved a two-track effort for its Senior CD Coordinator for which he is shaping complementary and mutually beneficial relationships with related OECD and donor work in various CD areas, including the joint ventures above. The alliance will seek to benefit from this special link with the DAC and its members.

Timeframe Sequencing

- Through March 2009, consultations will continue to reach consensus on all key features of the alliance and establish its priorities and working relationships with various partners.
- Post-March 2009, the alliance proposes to use its annual plenary meeting arrangements to bring together all relevant work stream experience, including those in the Country Systems, Managing for Development Results and Ownership and Accountability.
- A final synthesis report on capacity development will be produced in Spring 2011 as part of preparation for the December HLF. It will strive to integrate the types of CD learning, good practice and behaviour change registered over the 2008-2011 period.

Talaat Abdel-Malek, Alliance Co-chair
7th November 2008

Annex: Note sent to the DAC for circulation to members, October 2008

**The Proposed Capacity Development Alliance - Why, what and how
Talaat Abdel-Malek, co-chair, CD Alliance**

80. This brief outline is intended to respond to important questions about the proposed alliance. These questions are welcome especially at this early stage to clarify the rationale for the alliance, what it is and what it is not, and how it intends to pursue its objectives as a collaborative initiative working closely with existing players in capacity development.

Why?

81. Capacity development (CD) has only recently been explicitly recognised, by donors and partner countries alike, as an essential requisite for aid effectiveness. While much activity has been carried out for many years under the capacity development label, impact has been modest as shown by OECD's two surveys (2006 and 2008) on aid effectiveness. The Bonn Workshop and similar forums have clarified that there is more to CD than training or offering *ad hoc* policy advice. The AAA endorsed and incorporated the "Bonn Consensus" (see attached) in several parts of the document, signalling that leaders from the North and the South intend to give higher priority to CD. *But how?*

82. This is an opportunity not to be missed for planning and implementing more meaningful CD strategies that avoid a return to the "business as usual" approach. It is precisely this opportunity that has given rise to the proposed alliance as an innovative initiative that would serve as a catalyst in facilitating the transition to the more inclusive and higher priority CD strategies. That is where its value added lies; a value reinforced by the alliance's southern leadership and strong southern representation. Without necessarily claiming "uniqueness" of the alliance, there are no other arrangements or institutions that focus on that role at present, and much of CD work has been donor-driven, without significant ownership by recipient countries. The alliance's key objective is to help change this to a more southern-led and owned CD effort.

What will the alliance do?

83. As a southern-led initiative, the alliance intends to pursue its mission by focusing on four key objectives:

- Mobilising political champions in the south to integrate capacity development into national and sector development strategies (highest immediate priority);
- Facilitating coordinated capacity development initiatives in collaboration with southern CD policy makers and practitioners, as well as with donors;
- Enhancing south-south and triangular cooperation in CD through the exchange of experiences and greater use of quality southern expertise; and
- Promoting wider outreach by sharing experience and good practice where CD is not yet a priority.

84. By pursuing these objectives, the alliance expects to contribute to the development of more pragmatic, nationally-owned CD initiatives that would receive both technical and financial support from donors and benefit from southern-based experiences.

85. The alliance will provide a *forum/platform that is southern-initiated* for the candid exchange of experiences and informal consultations among southern CD leaders/practitioners. Over time, the alliance will help mould effective CD design and delivery modalities, drawing on current mainly donor-dominated approaches while modifying them as needed to produce more results-oriented and sustainable outcomes.

How?

86. The alliance will:

- Co-ordinate its efforts over the timeframe between the Accra HLF and that envisaged in 2011 with relevant meetings, including ministerial gatherings and other events convened at the international, regional and sub-regional levels;
- Encourage the development of specific commitments by southern parties on CD issues (strategies, measuring and monitoring capacity, south-south cooperation and other matters deemed of high priority) to help identify pragmatic solutions to capacity bottlenecks, with special emphasis on sectors deemed by southern policy-makers to be high priority; and
- Remain flexible – avoiding the creation of a structure of its own, and instead rely on existing institutions and partners as appropriate.
- Require modest resources, in addition to those of its members, to facilitate collective work and safeguard a genuinely southern-led process. Some support services can be provided by one or more suitable southern partner institutions(s) that take a direct stake in the initiative. Specific initiatives that could require additional resources (e.g. travel or organising events) will be sought from its partners.

87. Membership of the alliance is envisaged to ultimately comprise of a maximum of 18-20 individuals, mainly from the south but also representing the north, from government and civil society. A smaller team is being put together at present to engage in wider consultations and receive feedback that will help shape the alliance initiative. The resulting core steering team is co-chaired by Talaat Abdel-Malek (Egypt) and Ingrid Hoven (Germany). Members are being selected on the basis of their willingness to champion the cause of capacity development in their respective regions and of their access to senior policy making leadership. Their choice will be validated by capacity development professional peers, wider consultations, and finally by the co-chairs.

88. Membership is envisaged to include representatives from Africa, Middle East, Asia and Latin America from the South, and Germany, Japan, EU, World Bank, UNDP, and OECD as key donors/supporters committed to CD. Wider support is envisaged through linking up with the WP-EFF. While the initial focus will be placed on priorities established in Africa and Asia, the alliance will incorporate Latin America's experiences (e.g. South-south cooperation) and help identify CD priorities in the Middle East as well.

89. Operational linkages: The alliance will not have a structure of its own, but capitalise on existing initiatives such as LenCD and other networks active in its field; it is a fundamental tenet of this initiative that it shall not replicate or in any way duplicate efforts undertaken by others, but build on these and add value through its distinctive southern-led platform on CD. Meanwhile, the alliance is keen to link up with WP-EFF to ensure good coordination of efforts, coherence in approaches and mutual exchange of experiences/results. A brief outline will be presented to the November meeting of the WP-EFF for the purpose of exploring the best options for linking up.

A number of consultation rounds have already taken place, the latest being on 20 July through a video conference to which contributed representatives of UNDP, OECD, World Bank Institute, LenCD, German Federal Ministry for Economic Cooperation & Development, and three members (including myself) of the Partner Country Contact Group representing Asia, Africa and Middle East. A meeting of the core steering group is scheduled on 4 December, at which time a more definite profile of the initiative will be discussed and agreed.

90. Further Enquiries/questions are welcome. Please address to Talaat Abdel-Malek: malek@pema.gov.eg

Box 4. THE BONN CONSENSUS

We recognise that capacity development is critical for sustainable development and national ownership. It is primarily a developing country responsibility. Capacity development is a fundamental change process requiring that: (a) Developing countries commit to the capacity development of their human resources, systems and institutions at all levels, and (b) External partners commit to strengthen their own capacity and adapt their approaches to deliver responsive support for capacity development.

Six areas of action:

- Developing countries agree to integrate capacity development as a core element of national, sector and thematic development efforts.
- Developing countries will take the lead in addressing key systemic issues that undermine capacity development, with support from external partners as required.
- To enable developing countries to exercise ownership of capacity development through technical cooperation, external partners agree to a) the joint selection and management of technical cooperation to support local priorities and b) expand the choice of technical cooperation providers to ensure access to sources of local and South-South expertise.
- Developing countries and external partners also jointly commit to enable the capacity development of civil society and the private sector to play their development roles more fully.
- In situations of fragility, notably in post conflict, external partners will provide tailored and coordinated capacity development support for core state functions earlier and for a longer period. Interim measures should be appropriately sequenced and lead to sustainable capacities and local institutions.
- Beyond Accra, developing countries and external partners jointly agree to a strengthened and consolidated international effort to expand capacity development knowledge and apply resulting good practice.