



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

**DCD/DAC/EFF/A(2003)2
For Official Use**

Working Party on Aid Effectiveness and Donor Practices

**TASK TEAM ON HARMONISATION AND ALIGNMENT OF DONOR PRACTICES
DRAFT ANNOTATED AGENDA OF THE FIRST MEETING**

To be held in Paris on 2 and 3 July 2003 (ending at 13h00 on the second day)

Contact: Ms. Stephanie Baile: (tel: 01.45.24.90.30; email: stephanie.baile@oecd.org)
Mr. Simon Mizrahi: (tel: 33.1.45.24.78.41; email: simon.mizrahi@oecd.org)

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DAC WORKING PARTY ON AID EFFECTIVENESS AND DONOR PRACTICES

TASK TEAM ON HARMONISATION AND ALIGNMENT OF DONOR PRACTICES

DRAFT ANNOTATED AGENDA OF THE FIRST MEETING

**To be held at OECD in Paris on 2 July 2003 starting at 9h30 until 18h00
and continuing through 3 July until 13h00**

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|-----|---|---------------------------------|
| 1. | Adoption of the Agenda | DCD/DAC/EFF/A(2003)2 |
| 2. | Overview of the Task Team work proposals | Annex 1 DCD/DAC/EFF(2003)2 |
| 3. | Dissemination and communications strategy | DCD/DAC/EFF(2003)4 - Part II |
| 4. | Proposal for a framework of indicators on harmonisation and alignment | DCD/DAC/EFF(2003)4 |
| 5. | Supporting and assessing progress on country-based action plans | |
| 6. | Donor self-reporting | |
| 7. | Proposals for Peer Reviews on harmonisation/alignment progress and issues (Joint Country Assessments) | Room Document No 2 |
| 8. | Interaction with partner countries: selection process | DCD/DAC/EFF(2003)2 – Part II |
| 9. | Report to the 2004 DAC Senior Level Meeting and 2005 High Level Forum | |
| 10. | Budget and voluntary contributions for the 2003-2004 work programme | Room Document No 1 |
| 11. | Next steps | |

ANNOTATIONS

Item 2 Overview of the Task Team work proposals [Annex 1, DCD/DAC/EFF(2003)2 and DCD/DAC/EFF(2003)4 - Part II]

1. Work proposals for the WP-EFF Task Team on Harmonisation and Alignment have been agreed at the WP-EFF first meeting on 19-20 May 2003 (see Annex 1). They focus on tracking progress towards commitments made at the Rome High Level Forum on Harmonisation (see Rome Declaration in Annex 2). The purpose of this meeting is primarily to discuss the practical modalities for carrying out these proposals in a highly participatory way. Members should come prepared to signal their interest in assuming lead responsibilities or in helping take forward specific components of the work programme.

2. The main key output of the Task Team will be a report on progress made with harmonisation/alignment for the DAC Senior Level Meeting (SLM) in December 2004 and the 2005 High Level Forum on Harmonisation. Keeping this objective in mind, Members may wish to start with a general discussion of priorities including sequencing and articulation of the various strands of the work programme. The Secretariat documents DCD/DAC/EFF(2003)2¹ and DCD/DAC/EFF(2003)4² should provide useful references in this regard. Following this introductory round of discussion, it is proposed that the Task Team review in detail each work proposal and related modalities as proposed in the subsequent agenda items.

Item 3 Dissemination and communications strategy

3. The Secretariat has circulated some 5000 copies of the *DAC Good Practice Papers on Harmonising Donor Practices for Effective Aid Delivery*. To be effective, dissemination requires active and systematic support from aid agencies to sensitize staff at Headquarters and in field missions.

For Action: Members will be expected (i) to inform each other of on-going or planned dissemination initiatives and (ii) to come up with suggestions for a co-ordinated communications strategy geared to implementing the Rome commitments. Volunteer participants will be needed to help prepare and co-ordinate this strategy including outreach efforts engaging local aid co-ordination groups in partner countries.

Item 4 Proposal for a framework of indicators on harmonisation and alignment [DCD/DAC/EFF(2003)4]

4. An important component of the work to implement the Rome commitments will include elaborating indicators that track progress on strategic and monitorable dimensions of harmonisation and alignment.

For Action: Members are requested to provide guidance on how to elaborate indicators on harmonisation and alignment based on initial suggestions set out in the Secretariat paper [DCD/DAC/EFF(2003)4]. An interested group of Task Team participants involving bilateral donors, multilateral agencies and partner countries will be asked to work on preparing a detailed proposal for submission at the next meeting.

1. *Implementing the Rome Agenda on Harmonisation and Alignment: Preliminary Work Plan and Modalities for Interacting with Partner Countries.*
 2. *Proposal for a framework of indicators on harmonisation and alignment.*

Item 5 Supporting and assessing progress on country-based action plans

5. The Rome Declaration encouraged partner countries to design country-based action plans on harmonisation agreed with the donor community that will set out clear and monitorable proposals to harmonise development assistance. Donors have agreed to take actions to support harmonisation at the country level.

For Action: Members are invited to make suggestions on ways to assess, facilitate and support overall progress on partner country action plans.

Item 6 Donor self reporting

6. Bilateral and multilateral donors have agreed in Rome to assess and report on progress in applying good practices as part of their self-evaluation processes. Self-reporting by individual donors will provide a valuable tool to track progress on harmonisation and alignment with poverty reduction strategies and other country-owned development frameworks, systems and processes.

For Action: Members are requested to discuss how the Task Team (i) could act as a focal point for periodic reporting by Members, and (ii) could undertake a synthesis and analytical desk study of the material provided for integration in the 2004 SLM report.

Item 7 Proposals for Peer Reviews on harmonisation/alignment progress and issues (Joint Country Assessments) [Room Document No 2]

7. Peer Review mechanisms can help maintain pressure for implementing the Rome commitments and at the same time contribute to highlight emerging good practice on the ground. Alongside the standard Peer Reviews of individual DAC Members, there is scope for adapting the DAC Joint Country Assessments (JCA)³ to review progress on harmonisation and alignment at country level. The DAC will be discussing on 25 and 27 June a proposal to focus the 2004 JCA on these issues in two or three partner countries covering a full range of interested bilateral and multilateral donors.

8. It is proposed in this context that the Task Team being the most relevant forum of experts on these issues would take responsibility for preparing and carrying out these Joint Country Assessments with support from the Secretariat. The JCA reports would be submitted to the DAC SLM 2004 and key findings incorporated in the 2004 SLM Report on harmonisation/alignment.

For Action: Members are invited to discuss the key features of this new series of Joint Country Assessments including the scope and coverage, methodology, selection of partner countries, donors involvement, logistics and financing. Strong substantive inputs and leadership from interested Members as well as funding and logistical support from local missions will be necessary to carry out this rather ambitious exercise within the set time frame.

3. *DAC Joint Country Assessments were undertaken in Mozambique on aid co-ordination (2001) and in Tanzania on ownership/partnership (2003).*

Item 8 Interaction with partner countries: selection process [DCD/DAC/EFF(2003)2 – Part II]

9. In line with the WP-EFF mandate, the Task Team will involve partner countries in its work. Criteria to facilitate the selection process have been set out in Part II of the above mentioned document which deals with “*Modalities for interacting with Partner countries*”.

For Action: Members are requested to identify a number of partner countries whose representatives will be associated with the work of the Task Team and invited to participate in future meetings in a personal capacity.

Item 9 Report to the 2004 DAC Senior Level Meeting and 2005 High Level Forum on Harmonisation

10. It is assumed that the components of the work programme set out above would each contribute to shape the overall report [DCD/DAC/EFF(2003)4]. The report would also draw on work on harmonisation and alignment being carried out by others, e.g. SPA and initiatives at the level of partner countries.

For Action: Members are invited to (i) exchange preliminary views on the scope and content of the 2004 SLM Report and (ii) start working on a draft outline to be submitted at the next meeting.

Item 10 Budget and voluntary contributions for the 2003-2004 work programme [Room Document No 1]

11. Budget estimates for the funding of Secretariat support for core activities and for the participation of partner countries are provided in Room Document No 1. Members should be aware that additional voluntary contributions will be needed to carry out the various components of the work programme. The estimated amount will have to be determined in the course of the meeting. It will depend on the modalities chosen for implementing the work programme and on the extent to which Members will chose to finance some activities directly within their agencies (e.g. relying on staff and consultants; organising and funding field missions).

For Action: Members are invited to provide information on the amount of financial and/or in-kind contributions they intend to provide for the implementation of the agreed work programme.

Item 11 Next steps

12. The Chair will summarise the main decisions taken at the meeting including specific responsibilities assigned to Members for reporting back at the next meeting. The second WP-EFF meeting has been tentatively scheduled for 26-28 November 2003.

ANNEX 1

DAC WORKING PARTY ON AID EFFECTIVENESS AND DONOR PRACTICES WORK PROPOSALS AGREED AT THE FIRST MEETING HELD ON 19-20 MAY 2003, OECD, PARIS

Following discussion on the overall work programme and suggestions on modalities for implementing it, the Working Party on Aid Effectiveness and Donor Practices (WP-EFF) proposes to organise its work as follows:

I. Task Team on the harmonisation and alignment of donor practices

The focus will be on implementing the Rome Agenda on harmonisation and on alignment with partner country priorities, including poverty reduction strategies (PRS) and similar approaches. The MDBs, the UN system, the IMF, SPA and a panel of partner countries will participate in the Task Team.

The work of the Task Team will include the following:

- Support the dissemination of TFDP good practice papers within an effective implementation and communications strategy for the Rome Agenda.
- Agree on a framework of indicators on harmonisation and develop indicators on the alignment of aid practices.
- Assess, facilitate and support overall progress on partner country action plans and donor action plans on harmonisation and alignment with PRS and other country-owned development frameworks, systems and processes; alignment includes the appropriate use of instruments.
- Prepare a harmonisation/alignment module to be introduced in Peer Reviews; initiate selective horizontal review(s) on harmonisation/alignment progress and issues.
- Report to SLM 2004 and HLF II 2005.
- Work towards a formal DAC Recommendation on harmonisation and alignment of donor policies and practices.
- Explore undertaking additional work, such as a good practice paper to extend work to date on alignment.

II. Joint ventures (*)

1. Managing and measuring for results

Process to build on the international collaboration begun at the June 2002 Washington Roundtable I on Measuring, Managing and Monitoring for Results and the 2002 DAC Development Partnership Forum.

The World Bank (Results Secretariat) and other multilateral organisations to work with interested Members of the DAC Network on Development Evaluation and WP-EFF to produce a paper for the next WP-EFF meeting setting out objectives and processes:

- Organising an experts meeting to identify the scope of work, with prior work by interested bilateral agencies.
- Drawing on the state-of-the-art survey already prepared for the Network on Development Evaluation and other relevant work of the Network.
- Integrating the work of PARIS 21 on statistical capacity building.
- Taking into account the forthcoming Roundtable II in November 2003.

2. Procurement

On-going DAC/World Bank Roundtable process (with its network of procurement experts) to deliver a progress report at the next WP-EFF meeting. No additional group needed.

3. Public financial management

Build on the process started in the TFDP and the MDB Working Group on Financial Management. The World Bank to present a note aiming at facilitating this process.

III. Topics at the level of the Working Party as a whole

Untying

Secretariat to prepare a paper for the next meeting of the WP-EFF on lessons learned and burden sharing in implementation of the DAC Recommendation, as well as exploration of areas going beyond the Recommendation, in response to the DAC 2003 HLM request.

The Working Party may consider holding informal joint sessions with the Participants to the Arrangement on Officially Supported Exports Credits on matters relating to tied and untied aid.

(*) Modalities will be specific to each topic; a “lead participant” of the WP-EFF will provide co-ordination between interested members of the group and liaison with the Working Party as a whole.

ANNEX 2

ROME DECLARATION ON HARMONISATION

Ministers, Heads of Aid Agencies and other Senior Officials representing 28 aid recipient countries and more than 40 multilateral and bilateral development institutions endorsed the Rome Declaration on Harmonisation in February 2003.

Rome, February 25, 2003

We, the heads of multilateral and bilateral development institutions and representatives of the IMF, other multilateral financial institutions, and partner countries gathered in Rome, Italy, on February 24-25, 2003, reaffirm our commitment to eradicating poverty, achieving sustained economic growth, and promoting sustainable development as we advance to an inclusive and equitable global economic system. Our deliberations are an important international effort to harmonise the operational policies, procedures, and practices of our institutions with those of partner country systems to improve the effectiveness of development assistance, and thereby contribute to meeting the Millennium Development Goals (MDGs). They directly support the broad agreement of the international development community on this issue as reflected in the Monterrey Consensus (*Report of the International Conference on Financing for Development*, March 2002, para. 43). We express our appreciation to the governments of Jamaica, Vietnam, and Ethiopia, and to the bilateral donors and international institutions that sponsored and coordinated regional workshops in Kingston, Hanoi, and Addis Ababa in January 2003, in preparation for the Rome Forum. The key principles, lessons, and messages synthesized in the reports of these workshops have provided valuable input to the Forum.

Improvements in Development Effectiveness

We in the donor community have been concerned with the growing evidence that, over time, the totality and wide variety of donor requirements and processes for preparing, delivering, and monitoring development assistance are generating unproductive transaction costs for, and drawing down the limited capacity of, partner countries. We are also aware of partner country concerns that donors' practices do not always fit well with national development priorities and systems, including their budget, program, and project planning cycles and public expenditure and financial management systems. We recognize that these issues require urgent, coordinated, and sustained action to improve our effectiveness on the ground.

We attach high importance to partner countries' assuming a stronger leadership role in the coordination of development assistance, and to assisting in building their capacity to do so. Partner countries on their part will undertake necessary reforms to enable progressive reliance by donors on their systems as they adopt international principles or standards and apply good practices. The key element that will guide this work is a country-based approach that emphasizes country ownership and government leadership, includes capacity building, recognises diverse aid modalities (projects, sector approaches, and budget or balance of payments support), and engages civil society including the private sector.

Good Practice Standards or Principles

We acknowledge that while our historical origins, institutional mandates, governance structures, and authorising environments vary, in many instances we can simplify and harmonise our requirements and reduce their associated costs, while improving fiduciary oversight and public accountability and enhancing the focus on concrete development results. We endorse the good practice work by the technical groups of the DAC/OECD Task Force and the multilateral development banks (MDBs), and look forward to the expected completion next year of the UN harmonisation work that is being coordinated by UNDG. We are ready to follow existing good practices while continuing to identify and disseminate new ones.

Going Forward

We agree that, for both donors and partner countries, the progress we make on the ground in programs and projects will be a concrete and important measure of the success of our efforts. We recognise that such progress can be facilitated and enhanced by harmonisation efforts at the international and regional levels. Building on the work of the DAC/OECD and MDB working groups and on country experience, including the recent country initiatives, we commit to the following activities to enhance harmonisation:

- Ensuring that development assistance is delivered in accordance with partner country priorities, including poverty reduction strategies and similar approaches, and that harmonisation efforts are adapted to the country context.
- Reviewing and identifying ways to amend, as appropriate, our individual institutions' and countries' policies, procedures, and practices to facilitate harmonisation. In addition, we will work to reduce donor missions, reviews, and reporting, streamline conditionalities, and simplify and harmonise documentation.
- Implementing progressively — building on experiences so far and the messages from the regional workshops — the good practice standards or principles in development assistance delivery and management, taking into account specific country circumstances. We will disseminate the good practices (synthesized in Annex A) to our managers and staff at headquarters and in country offices and to other in-country development partners.
- Intensifying donor efforts to work through delegated cooperation at the country level and increasing the flexibility of country-based staff to manage country programs and projects more effectively and efficiently.
- Developing, at all levels within our organisations, incentives that foster management and staff recognition of the benefits of harmonisation in the interest of increased aid effectiveness.
- Providing support for country analytic work in ways that will strengthen governments' ability to assume a greater leadership role and take ownership of development results. In particular, we will work with partner governments to forge stronger partnerships and will collaborate to improve the policy relevance, quality, delivery, and efficiency of country analytic work.
- Expanding or mainstreaming country-led efforts (whether begun in particular sectors, thematic areas, or individual projects) to streamline donor procedures and practices, including enhancing demand-driven technical cooperation. The list of countries presently involved includes Ethiopia, Jamaica, Vietnam, Bangladesh, Bolivia, Cambodia, Honduras, Kenya, Kyrgyz Republic, Morocco, Niger, Nicaragua, Pacific Islands, Philippines, Senegal, and Zambia.
- Providing budget, sector, or balance of payments support where it is consistent with the mandate of the donor, and when appropriate policy and fiduciary arrangements are in place. Good practice principles or standards — including alignment with national budget cycles and national poverty reduction strategy reviews — should be used in delivering such assistance.
- Promoting harmonized approaches in global and regional programs.

We wish to record that a positive by-product of our collaboration on harmonisation has been increased information sharing and improved understanding of commonalities and differences during the preparation or revision of our respective operational policies, procedures, and practices. We will deepen this collaboration in the future, and will explore how such collaboration could help to ensure that new or revised policies are appropriately harmonised or “harmonisable” with those of the partner countries and donor institutions.

We recognise the global work on monitoring and assessing the contribution of donor support to the achievement of the MDGs. We will track and, as necessary, refine lead indicators of progress on harmonisation such as those described in the DAC/OECD Good Practice Papers.

We acknowledge the potential contribution of modern information and communication technologies to promoting and facilitating harmonisation — already demonstrated by the use of audio and videoconferencing facilities in the staff work on harmonisation, the Development Gateway, the Country Analytic Work website, and the early work on e-government, e-procurement, and e-financial management. We commit to further efforts to exploit these technologies.

Next Steps

Partner countries are encouraged to design country-based action plans for harmonisation, agreed with the donor community that will set out clear and monitorable proposals to harmonise development assistance using the proposals of the DAC/OECD Task Force and the MDB technical working groups as reference points. In turn, the bilateral and multilateral agencies will take actions to support harmonisation at the country level. As part of their self-evaluation processes, bilateral and multilateral agencies and partner countries will assess and report on progress in applying good practices, and on the impact of such practices. Whenever possible, we will use existing mechanisms to develop such plans and to assess and report on progress, and we will make these plans available to the public.

We will utilise and strengthen, including through partner country participation, existing mechanisms to maintain peer pressure for implementing our agreements on harmonisation. In this regard and in the context of the New Partnership for Africa's Development, we welcome regional initiatives, such as the work by the Economic Commission for Africa, for a joint annual aid effectiveness review in a framework of mutual accountability that would also address harmonisation issues.

Reflecting our experience over these last two days, we plan stocktaking meetings in early 2005 following the review already scheduled in DAC/OECD in 2004. This follow-up would assess progress in and sustain the momentum for fundamental changes that enhance aid delivery, and would contribute to the review of the implementation of the Monterrey Consensus, the timing and modalities for which are expected to be determined by 2005.