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Organisation de Coopération et de Développement Economiques
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English - Or. English

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

**DCD/DAC/EFF/A(2003)6
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Working Party on Aid Effectiveness and Donor Practices

DRAFT ANNOTATED AGENDA FOR THE SECOND MEETING

To be held on 3-4 November 2003 at the OECD headquarters in Paris.

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WORKING PARTY ON AID EFFECTIVENESS AND DONOR PRACTICES**DRAFT ANNOTATED AGENDA****SECOND MEETING
3-4 NOVEMBER 2003, OECD PARIS**

MONDAY 3 NOVEMBER 2003	
10h00-13h00	MORNING
1	Adoption of the Agenda and General Overview
2	Managing for Development Results
<i>13h00-14h30</i>	<i>Lunch</i>
14h30-18h00	AFTERNOON
3	Harmonisation and Alignment of Donor Practices
4	Public Financial Management
TUESDAY 4 NOVEMBER 2003	
9h00-13h00	MORNING
5	Aid Untying
6	Procurement
<i>13h00-14h30</i>	<i>Lunch</i>
14h30-16h00	AFTERNOON
7	Conclusions and Next Steps

Please note that the WP-EFF Bureau will meet before and after the two-day plenary meeting on Monday 3 November from 8h30 to 10h00 and on Tuesday 4 November from 16h00 to 17h30.

ANNOTATIONS

Item 1 Adoption of the Agenda and General Overview

1. The Chair will introduce the agenda and provide a consolidated overview of the work programme and modalities for carrying it out. For ease of reference, the WP-EFF mandate and work proposals agreed at the first meeting are reproduced in Annexes 2 and 3. Members are invited to share their views on the overall programme with special attention to the articulation of the different components and the proposed outputs. Under each of the following items, leaders of the relevant Task Team and Joint Ventures will present progress made in their respective areas and raise issues for consideration by the Working Party as a whole.

Item 2 Managing for Development Results

Draft Terms of Reference for the Joint Venture on Managing for Development Results [DCD/DAC/EFF(2003)11]

Draft Set of Core Principles on Managing for Development Results [DCD/DAC/EFF(2003)12]

Letter from the Core Group Working on Managing for Development Results [DCD/DAC/EFF(2003)13]

2. Following the WP-EFF meeting in May, a core group of members took the initiative to start work on managing for development results. They discussed their findings at an informal meeting held in Paris on 3 October and will submit a first draft of the Terms of Reference for the Joint Venture on Managing for Development Results for WP-EFF consideration.

3. Their impression is that the state of the art on this issue is not mature enough to aim for developing guidelines or agreed best practice documents. There is however much need, and scope, for learning and sharing experience. There are also possibilities for developing a list of core principles for donors promoting a harmonised approach to managing for development results. Such principles could be shared with the wider aid community at the Second Round Table on Results to be organised by the World Bank and the Regional Development Banks in Marrakech, early February 2004. A draft for such a set of principles will be presented to the WP-EFF.

4. Taking advantage of the WP-EFF meeting, participants in the core group would like to engage members in a discussion on three key questions which they think the Joint Venture should address. These are (i) What is the current thinking and implementation status of managing for development results in member agencies; (ii) What are the specific challenges faced by aid agencies internally and externally; and (iii) how to integrate managing for results in the PRS process. A letter raising these questions has been sent to WP-EFF members in order to help them prepare for this discussion.

Item 3 Harmonisation and Alignment of Donor Practices

Work Programme of the Task Team on Harmonisation and Alignment [DCD/DAC/EFF(2003)8]

5. By the time of the WP-EFF meeting, the Task Team on Harmonisation and Alignment of Donor Practices will have met three times (on 2-3 July, 4-5 September and 23 October). Following its meeting on 23 October the Task Team will submit a work programme including Terms of Reference for the tasks set

out in this programme. It will also put forward for members consideration progress reports covering activities under way on indicators, joint country assessments and involvement of partner countries in its work. On this basis, members are invited to provide feedback on work in progress and give guidance on next steps.

Item 4 Public Financial Management

Work Programme of the Joint Venture on Public Financial Management [DCD/DAC/EFF(2003)9]

6. The first meeting of the Joint Venture on Public Financial Management is scheduled for 22 October, one week before the WP-EFF meeting. It is expected that this first meeting will result in an agreement on a work programme including specific activities, outputs, work modalities and a timetable. The work plan under consideration includes performance indicators in public financial management; predictability of aid flows; integration of aid flows into government budgets; budget support; and accounting standards for development assistance. The Joint Venture will submit its work programme to the WP-EFF for consideration.

Item 5 Aid Untying

a) Implementation of the 2001 DAC Recommendation on Untying ODA to the LDC

Draft Outline for the Third Progress Report to 2004 HLM [DCD/DAC/EFF(2003)5]

Terms of Reference for an Assessment of the Developmental Effectiveness of Food Aid and the Effect of its Tying Status [DCD/DAC/EFF(2003)3]

7. The 2001 DAC Recommendation on Untying ODA to the Least Developed Countries stipulates that annual reports, covering all aspects of the Recommendation, as well as the experience in delivering its objectives, will be reviewed by the DAC in time for its annual High Level Meeting (HLM). A draft outline for the third progress report that will be submitted to the 2004 HLM will be issued for discussion at the WP-EFF meeting. Based on this discussion a draft progress report will be prepared and submitted for approval to the DAC preparatory meeting for the 2004 HLM.

8. The outline covers three sets of issues: (i) transparency, (ii) balanced effort-sharing, and (iii) Members' policies with respect to technical co-operation and food aid. In this context, Members may also want to take note of the Terms of Reference for an Assessment of the Developmental Effectiveness of Food Aid and the Effect of its Tying Status [DCD/DAC/EFF(2003)3].

b) Broadening the scope of the DAC Untying Recommendation

Exploring the Scope for Broadening the Application of the DAC Untying Recommendation Over Time [DCD/DAC/EFF(2003)6]

9. The 2003 DAC HLM press statement of the Chair requested the DAC to explore the scope for broadening the application of the 2001 DAC Recommendation over time. The note mentioned above presents a number of possible approaches for further reflection. Members are requested to indicate their views in order to submit more specific proposals to the 10-11 December 2003 Senior Level Meeting for further guidance. Members may wish to consider whether they would find it helpful to define these proposals in greater detail at an informal brainstorming of experts, which could be organised on 24 November 2003.

Item 6 Procurement***Progress report on the joint DAC-WB Programme on Strengthening Procurement Capacities in Developing Countries [DCD/DAC/EFF(2003)7]***

10. Strengthening partner country responsibility for conducting aid-related procurement and promoting local and regional procurement in partner countries are important objectives of the 2001 DAC Recommendation on Untying ODA to the Least Developed Countries. In addition, procurement is considered to be an important activity where harmonising donor practices may result in more effective aid delivery.

11. The DAC and the World Bank have initiated a joint programme with the objectives of addressing key capacity building needs and strengthening procurement systems in developing countries around which donors can harmonise their procedures. The programme is closely linked to the harmonisation efforts that the Multilateral Development Banks are pursuing with respect to their procurement procedures. A progress report prepared for the WP-EFF meeting sets out the objectives, timeframe, products, and processes of the four themes under this joint programme: (i) mainstreaming, (ii) capacity building, (iii) standards and benchmarks, and (iv) monitoring and evaluation. The Working Party may wish to focus its attention on the donor harmonization objective of the joint programme which so far has remained rather implicit.

Item 7 Conclusions and next steps***Budget and Status of Voluntary Contributions [DCD/DAC/EFF(2003)10]******Note on the Participation of Partner Countries [DCD/DAC/EFF(2003)14]***

12. In this final session, the Chair and Vice-Chairs will summarise the main decisions and outline next steps. In this context, members should be prepared to discuss work modalities such as the involvement of partner countries, funding needs, calendar of meetings, role of the Bureau, and reporting to the DAC.

PROVISIONAL LIST OF DOCUMENTS

FOR THE 2nd MEETING OF THE DAC WORKING PARTY ON AID EFFECTIVENESS AND DONOR PRACTICES

3-4 November 2003

Agenda Item	Document Title	Document Reference
1. General overview	Summary of the First WP-EFF Meeting (19-29 May 2003)	DCD/DAC/EFF/M(2003) 1/ PROV
2. Managing for Development Results	Draft Terms of Reference for the Joint Venture on Managing for Development Results	DCD/DAC/EFF(2003)11
	Draft Set of Core Principles on Managing for Development Results	DCD/DAC/EFF(2003)12
	Letter from the Core Group Working on Managing for Development Results	DCD/DAC/EFF(2003)13
3. Harmonisation and Alignment	Work Programme of the Task Team on Harmonisation and Alignment	DCD/DAC/EFF(2003)8
	Summary of the 1 st meeting (2-3 July 2003) <i>(For information)</i>	DCD/DAC/EFF/M(2003)1/ FINAL
	Summary of the 2 nd meeting (4-5 September 2003) <i>(For information)</i>	DCD/DAC/EFF/M(2003)2/ FINAL
4. Public Financial Management	Work Programme of the Joint Venture on Public Financial Management	DCD/DAC/EFF(2003)9
5. Aid Untying	Draft Outline for the Third Progress Report to 2004 HLM on the Implementation of the 2001 DAC Recommendation on Untying ODA to the LDC	DCD/DAC/EFF(2003)5
	Terms of Reference for an Assessment of the Developmental Effectiveness of Food Aid and the Effect of its Tying Status	DCD/DAC/EFF(2003)3
	Exploring the Scope for Broadening the Application of the DAC Untying Recommendation Over Time	DCD/DAC/EFF(2003)6
6. Procurement	Progress Report on the Joint DAC- WB Programme on Strengthening Procurement Capacities in Developing Countries	DCD/DAC/EFF(2003)7
7. Conclusions and Next Steps	Budget and Status of Voluntary Contributions	DCD/DAC/EFF(2003)10
	Note on the Participation of Partner Countries	DCD/DAC/EFF(2003)14

DAC WORKING PARTY ON AID EFFECTIVENESS AND DONOR PRACTICES**MANDATE****AGREED AT THE FIRST MEETING
HELD ON 19-20 MAY 2003, OECD, PARIS¹**

The DAC Working Party on Aid Effectiveness and Donor Practices is set up in the context of the international consensus reached at Monterrey on the actions needed to promote a global partnership for development and accelerate progress towards the Millennium Development Goals. For DAC Members, this entails improving the management, delivery and complementarity of development co-operation activities to ensure the highest development impact. As part of its mandate, the Working Party will engage in: assessing and supporting the harmonisation of donor practices and alignment with country-owned poverty reduction strategies and other development frameworks, systems and processes, including implications for the appropriate use of instruments and for allocations; follow-up on the issues of untying and procurement; and results measurement, monitoring and management.

The Working Party will focus on facilitating the implementation of agreed policies and good practices and assessing overall progress on the ground, on further exchange of good practice and on selective policy development. Country ownership and capacity development will be fundamental considerations in its work.

The Working Party will involve partner countries in its work and collaborate with a range of development organisations beyond the permanent DAC Observers (World Bank, IMF and UNDP) including the Regional Development Banks and the SPA (Strategic Partnership with Africa). There will be broad interaction with other DAC bodies, especially with the DAC Network on Development Evaluation whose Chair is an ex-officio member of the Working Party. The Working Party should propose task force approaches as appropriate in responding to particular DAC tasking and/or decide to use informal task teams as a working method.

¹ Further edited at the Joint Meeting of the DAC and the Chairs of the DAC Subsidiary Bodies held on 24 June 2003 [DCD/DAC/M(2003)6/PROV]

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.