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**THE GLOBAL PARTNERSHIP ON COUNTRY SYSTEMS: RESPONDING TO THE CONCLUSIONS
OF THE DAC REFLECTION EXERCISE**

Room Document 2

DAC Meeting, 19 May 2010

This room document is submitted for INFORMATION at the DAC Meeting of 19 May 2010.

The document outlines how the Working Party on Aid Effectiveness and the Global Partnership on Country Systems have responded to the DAC Reflection Exercise Conclusions.

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RESPONDING TO THE CONCLUSIONS OF THE REFLECTION EXERCISE: THE ROLE OF THE WORKING PARTY ON AID EFFECTIVENESS AND THE GLOBAL PARTNERSHIP ON COUNTRY SYSTEMS

1. This document outlines how the Working Party on Aid Effectiveness and the Global Partnership on Country Systems have responded to the DAC Reflection Exercise Conclusions. In particular, it focuses on:

- Fulfilling the role of the OECD-DAC as an ‘honest broker’ and provider of expertise
- Fostering a new model of accountability for DAC members at the country level
- Facilitating change in key areas of Aid Effectiveness including Strengthening and Using Country Systems
- Promoting development effectiveness and results at the country level
- Strengthening horizontal working practices
- Fostering inclusion
- Facilitating south-south cooperation
- Enhancing the advocacy role of the DAC

2. Promoting implementation of the aid effectiveness agenda in-country is the top priority for the Working Party on Aid Effectiveness (WP-EFF), driven by the partner countries own priorities. To reach this objective, the WP-EFF has proposed to lend support to partner countries that have requested specific support to help accelerate the achievement of the aid effectiveness commitments made at Paris and Accra. This includes identifying areas where the support of the Working Party could have a catalytic effect in accelerating the achievement of agreed commitments.

3. One of the priority areas identified by partner countries following the Accra Agenda for Action has been the Strengthening and Use of country systems. This is also one of the areas where partner countries have requested support from the Working Party on Aid Effectiveness. As a result, the Global Partnership on Country Systems, co-ordinated by Ghana and the United States, as a sub-body of the Working Party on Aid Effectiveness has begun to facilitate the implementation of the Paris Declaration and Accra Agenda for Action Commitments at country level in this area. In general, the Global Partnership aims to:

- Provide the impetus to strengthening country systems and effective locally-rooted capacity to reform systems where deemed necessary;
- Accelerate progress in donors’ use of country systems; and
- Better communicate the benefits of using country systems and involve a greater number of stakeholders (parliaments, CSOs) in overseeing the strengthening and use of country systems.

4. Beyond the provision of practical guidance by the Task Forces on Public Financial Management and Procurement¹, the Global Partnership also supports a number of on-going country level initiatives in partner countries (currently in Ghana, Malawi and Mali) as part of the Working Party on Aid Effectiveness’ broader support at country level.

¹ The guidance produced under the auspices of these Task Forces is practical in nature and destined for practitioners in donor (headquarters and field) and in partner country organizations, including government and non-government organisations. Examples include Guidance on Using Country Systems for Public Financial Management and Procurement; Guidance on Sequencing Reform; Good Practice on Donor Support to Supreme Audit Institutions and Parliamentary Oversight of the Budget Process.

5. The conclusions of the DAC Reflection Exercise, Task Teams, and the Policy Directors' Meeting are a key reference in developing, alongside partner country priorities and demands, the Strategy and Work Programme of the Global Partnership on Country Systems and more broadly the response by the Working Party on Aid Effectiveness to partner country demands for support. The following outlines how the Global Partnership on Country Systems is responding to the conclusions from the Reflection Exercise and Task Teams 1, 2 and 3.

I. Country Systems as a key commitment in the Aid Effectiveness Agenda

6. The Global Partnership responds to the need to strengthen Aid Effectiveness, one of the strategic priorities identified in the Reflection Exercise as well as offering a new model for the way aid is governed in partner countries. The Strengthening and Using of Country Systems is key to ensuring the effectiveness and sustainability of aid efforts. Decades of development experience show that when donors consistently bypass country systems and policies their efforts are undermined as well as the ability of the countries receiving aid to manage their own future. When donors and developing countries endorsed the Paris Declaration on Aid Effectiveness in 2005, they were united with a common objective: to build stronger, more effective partnerships for development. International commitments on Aid effectiveness result from strong evidence that although some progress has been achieved in strengthening country systems (since 2005, 36% of countries have improved their score for public financial management (PFM) against a target of at least 50%), less progress has been achieved on the use of country systems, with 45% of country systems being used in the countries surveyed in 2008.

7. The results of the 2008 Survey on Monitoring the Paris Declaration (see below) as they relate to Country Systems show the need for accelerated implementation, analytical and evaluative efforts to reach the endorsed targets in Paris and Accra. Progress is still needed in this crucial area in the run up to Seoul and beyond. The Reflection Exercise concludes also that 2012 it is proposed that the work include follow-up to the Seoul HLF on possible DAC Member commitments

8. In order to make progress in this area, the Global Partnership on Country Systems, co-ordinated by Ghana and the United States, is **facilitating the implementation of the Paris and Accra Commitments as they relate to Strengthening and Using Country Systems**. In particular, it:

- Provides the impetus to strengthening country systems and effective locally-rooted capacity to reform systems where deemed necessary;
- Accelerates progress in donors' use of country systems; and
- Better communicates the benefits of using country systems and involve a greater number of stakeholders (parliaments, CSOs) in overseeing the strengthening and use of country systems.

9. The Global Partnership also responds to the need to engage in the Global Governance Reform of development activities by **changing the business model**- moving away from stand-alone Guidance to reviewing partner commitments (both donors and government) at the country level through 'Country Systems Initiatives'.

10. The Global Partnership supports a number of on-going country level initiatives in to:

- Achieve a common understanding between local donors and countries on priority 'country systems' as well as definitions of 'using country systems' as adapted to the specific country context;
- Identify current opportunities and constraints in the strengthening and use of country systems;

- Define joint Government-Donor next steps and recommendations for achieving progress on strengthening and using country systems;
- Ensure high-level momentum from donor headquarters for this initiative and establish concrete steps towards fulfilling those recommendations; and
- Providing lessons learned to share with other countries and to communicate to the High Level Forum on Aid Effectiveness in Korea, in December 2011 and beyond.

II. OECD-DAC as ‘honest broker’ and as the provider of expertise with a multidisciplinary approach

11. The Reflection Exercise requires the **DAC to leverage its comparative advantage** to maintain relevance in a rapidly changing and crowded global landscape. The Global Partnership feels that undertaking work at the country level has highlighted the DAC’s comparative advantage.

12. The Country-level work undertaken by the Global Partnership shows the **added value of the OECD-DAC being perceived as an ‘honest broker’, providing an ‘expertise’,** and most importantly being able to facilitate a dialogue which would not otherwise be able to take place. The Country Systems Initiatives in Malawi and Ghana highlighted the strong demand from partner countries- but also the strong demand from local Development Partners for OECD-DAC facilitation (so that they could communicate to government difficult messages, share information between Development Partners, and also communicate better with Headquarters).

13. The reflection exercise notes that the OECD’s comparative advantage over other international organisations is **also its multidisciplinary approach and its ability to engage with multi-sector policy communities of industrialised countries**—and increasingly emerging economies—that can impact the development of poorer countries. Taking advantage of this unique structure, the DAC’s ability to carry out collaborative or horizontal work with other policy communities is a clear added-value. The Global Partnership is **teaming up with Senior Budget Official networks in different regions, collaborating on Public Procurement and Integrity principles (linked to the OECD Secretary General’s ‘clean.gov’ initiative), working on integrating Environment in Country Systems,** and is exploring ways of ensuring that the dialogue at the country level and globally between DAC members and partner countries is on an equal footing on various technical issues with assistance from the broader OECD community.

III. New model of accountability for DAC members at the country level

14. The Conclusions from the Reflection Exercise show that there is scope for the DAC to help its own Members be more accountable to partner countries through better monitoring. Working at Country Level, the Global Partnership on Country Systems and the Working Party on Aid Effectiveness more generally, strikes at the heart of the mutual-accountability relationship between donors and partner countries- and because **it has no ‘in country presence’ and is therefore not perceived as an interested party - it is able to promote strong accountability** both between donors and partner countries (going both ways), and between partner countries and their citizens. Whilst recognising that this is ‘soft power’ (there is no enforcement function), monitoring of change will take place through in-country dialogues as well as the sharing of lessons at the High Level Forum and beyond. As highlighted in the Reflection Exercise, in the spirit of mutual accountability, members need to keep their side of the bargain so that partner countries can be accountable to donors in achieving the development results expected.

15. The Country Systems Initiatives are also a way of highlighting whether **existing** DAC instruments are both relevant and applicable to country contexts. The Draft ‘Guidance’, or practical tips developed by the Task Forces on Public Financial Management and Procurement and other relevant

workstreams will be tested (by both partner countries and local donor communities) in these fora to ensure their relevance to specific country situations.

IV. Development Effectiveness and Results

16. The Reflection Exercise and the Policy Directors Meeting emphasised that the Committee now needs to move **beyond aid effectiveness and work towards development effectiveness**. Aid and development effectiveness are both clearly linked- when systems are weak and donors bypass them, it is clear that development effectiveness and in particular the sustainability of the effort will be undermined. The Global Partnership aims through the work of its Task Forces on PFM and Procurement take advantage of wider OECD networks but also **assist in the building of capacity to strengthen those systems** to ensure broader development effectiveness (for instance see the OECD-DAC Methodology on Procurement). At the same time, **it is critical that donors effectively support partner country efforts**. The Country Systems Initiatives are designed to ensure that donor representatives at country level are responding to their aid effectiveness commitments and are able to improve the way they support the strengthening of partner country national systems.

17. The DAC committee has frequently referred to different types of results: changing donor behaviour; aid effectiveness; development effectiveness; etc. The Reflection Exercise notes that **Influencing and changing donor behaviour is the most immediate result that the Committee can aim for**. The key focus of the Country Systems Initiative- is to change donor behavior to more effectively support partner countries to achieve their own development priorities and results (and not hinder or undermine these efforts when bypassing national systems). This is valid in Middle Income Countries, low income countries and Fragile States.

V. Horizontal Working Practices

18. The Reflection Exercise also outlined the **need to focus on wider development flows and policies beyond aid that affect development**. Task Team 1 outlined the need to strengthen capacity for cross-OECD working on non-ODA development flows. As outlined above, the **Global Partnership is interacting with multiple non-traditional audiences- including for instance donor national audit offices**. The Global Partnership has also interacted **horizontally across the OECD-DAC and OECD** through its involvement in the aid effectiveness and Environment work stream and with the Task Team on Health as a Tracer Sector. The successful meeting in Malawi in early March 2010 highlighted strong demand for continued joint work in this area- and the organization of country work on integrating climate change financing into country systems.

VI. Inclusion

19. One of the most important conclusions of the DAC reflection exercise was that the DAC “should extend and deepen inclusion of key development stakeholders in all areas of its work” and “provide key groups with a greater substantive voice in the Committee’s decision making processes”. The Country Systems Initiatives ensure a **discussion on an equal footing between partner countries and OECD-DAC countries- to develop a real partnership (as intended in the implementation of the MDG 8)**.

20. The Reflection Exercise (Task Team 3) also noted that post-Accra there should be further engagement with CSOs and consideration of how the private sector and foundations might be included in DAC work. The Working Party on Aid Effectiveness work at country level ensures that **multiple stakeholders are included in the process**, including domestic accountability institutions and CSOs.

VII. South-South Cooperation

21. Task Team 2 outlined the need for a greater focus on South-South co-operation initiatives. The Working Party on Aid Effectiveness, and the Global Partnership's work on Country Systems more specifically, as currently envisaged **allow for lessons sharing and cooperation between countries- and it is a key tenet of the work on Country Systems**. Following the completion of a number of Country Systems Initiatives, **south-south cooperation will be key** to share ideas on how to ensure donors and countries better collaborate in strengthening their country systems to achieve development goals. This will be a key part of the African Partnership Facility Forum in September 2010 will provide an opportunity for a first stocktaking and sharing of experiences across African countries on this issue.

VIII. Advocacy

22. The Reflection Exercise recommended that the DAC **expand advocacy work within the OECD** and to call for **public support to development co-operation**. The Conclusions note that while the Committee itself does not have any plans to carry out advocacy work for the public *per se*, the advocacy role of Members can and should be supported by value added products and analysis from the DAC Secretariat.

23. The work within the Global Partnership on Country Systems is **focusing on advocacy to new communities**. In particular, on the Use of Country Systems, the Task Force on PFM is preparing communication materials on the benefits of using country systems and different risk models for the donor national audit offices- often a skeptical audience on budget support and other areas.