



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

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DAC Task Force on Donor Practices

Consultations with the United Nations and The World Bank, 15 and 16 July, 2002.

This note reports on the two day mission to New York and Washington carried out by Mr Richard Manning, the Chair of the Task Force on Donor Practices and Mr Michel Reveyrand, the Vice-Chair. The main issues addressed by the mission were:

- * The aid effectiveness agenda in the context of the follow-up of the Monterrey Conference on Financing for Development;*
- * The role and responsibilities of the UN System with regard to the harmonisation agenda;*
- * The High Level Forum on Harmonisation proposed by the Development Committee and expected to take place in Italy in February/March 2003.*

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TASK FORCE ON DONOR PRACTICES

CONSULTATIONS WITH THE UNITED NATIONS AND THE WORLD BANK 15 & 16 JULY, 2002

1. As agreed during the June 2002 plenary meeting of the Task Force, the Chair, Vice-Chair & Secretariat briefed management of the United Nations and Bretton-Woods institutions on the progress accomplished by the Task Force in the first 18 months of its activity. This note summarises, in a broadly thematic order, the main points of discussion. A complete list of interviews is provided in the appendix of this note.
2. In both New York and Washington the mission reaffirmed the need, as a follow-up to the Monterrey Consensus, to support the work to harmonise operational policies and procedures of bilateral and multilateral agencies so as to enhance aid effectiveness.
3. The mission invited interlocutors at the United Nations and the World Bank to suggest areas where greater harmonisation efforts were required. **Nitin Disai** (Under Secretary General for Economic and Social Affairs, UN) noted that harmonisation is contingent upon an agreement over a common set of objectives and challenged the Task Force to elaborate a set of indicators that could measure progress towards greater partnership between development agencies at country level. He suggested that these indicators might well fall under the 8th Millennium Development Goal on developing a global partnership for development.
4. **Joanne Salop** (Vice-President World Bank) reiterated this suggestion and also noted that the DAC was probably well positioned to develop such a set of indicators. She briefed the mission on the current work being carried out by the World Bank on measuring, monitoring and managing for development results and suggested there may be some common ground.
5. **Carol Bellamy** (Executive Director UNICEF) indicated that UNICEF had taken a leading role in the programme of work for simplification and harmonisation of UN operations. In this context, she noted that harmonisation of donor reporting and monitoring was clearly an area where more work was required.
6. **Emmanuel Dierckx de Casterlé** (UNDP) observed that one of the main challenges on the harmonisation agenda was to help host governments build their capacity to implement their own procedures. He also underscored the importance of simplification of agency procedures.
7. While in New York, the mission enquired as to which of the UN institutions had received the remit for the post Monterrey aid effectiveness agenda. **Mark Malloch-Brown** (Administrator of UNDP)

informed the mission that this theme was mainly a responsibility of the UNDP. He also noted that broad political commitment in support of harmonisation was gaining momentum, among bilateral donors as well as multilateral institutions. In taking forward the aid effectiveness agenda, one of the main issues was an agreement on a forum where this topic could be debated at a global level. It was suggested that the DAC might be an appropriate locus to discuss these issues. He informed the mission that United Nations Development Group (UNDG) had the responsibility for co-ordinating the operational procedures of the different UN agencies.

8. **Sally Fegan-Wyles** (Director, UNDG) reported on the progress that had been accomplished by the UN Development Group in the area of harmonisation. Following the General Assembly resolution 56/20, the UNDG Executive Committee put simplification and harmonisation on its shortlist of priorities for 2002, and established a dedicated capacity to address this in the UN Development Group Office (DGO).

9. **The UNDG Executive Committee** noted that its overarching objective is to increase the effectiveness of country-level co-ordination between UN agencies. While the UN clearly considered harmonisation of operational procedures with other development agencies (World Bank, Bilateral development agencies) very important, it had not been hitherto a priority area of activity. UNDG would however seek in the near future to establish closer links with other *fora* involved in the harmonisation debate. These included:

- *The DAC Task Force on Donor Practices*— It was suggested that the UNDP as an observer of the DAC may be best suited to represent UNDG at the forthcoming Task Force meetings. This would require coming to some formal arrangements between UNDP and UNDG.
- *The World Bank* — Through the discussions currently underway between the WB and the UN agencies on the Harmonisation area, the UNDG may decide to explore the possibility of reaching a new operational agreement with the World Bank.

10. It was generally agreed, in both New York and Washington that a first useful opportunity for discussing the issue of harmonisation and aid effectiveness on a global level would be provided by the **High Level Forum** in February 2003. This event proposed by the Development Committee¹, is expected to be held in Italy and would, as a follow-up to the Monterrey Consensus, focus on improving the effectiveness of development assistance through better harmonisation.

11. **Shengman Zhang** (Managing Director World Bank) informed the mission that the High Level Forum should bring together not only the main development agencies (MDBs, UN, Bilateral agencies) but should also seek, in the spirit of mutual accountability underlying the Monterrey Consensus, to involve partner developing countries.

12. **Colin Bruce** (Senior Manager, World Bank) suggested involving, in addition to the 16 partner countries already associated with the Task Force, a broader set of countries which could include regional entities (ECA, NEPAD, Caricom etc.) and HIPC countries. To this end, it was recognised that setting-up the High Level Forum would require a good preparatory organisation in order to involve, in advance of the meeting, all of the major stakeholders. How this was to be achieved, however, had yet to be decided. In the

¹ “The World Bank will explore with partner agencies their interest in convening and participating in a high-level forum early in 2003 to consolidate the work completed on the harmonisation action plan and facilitate (...) implementation (...) closely aligned and co-ordinated with (...) PRSP [or equivalent] processes”, DEVELOPMENT COMMITTEE REPORT, *Second Progress on Harmonisation of Operational policies*, April 2002.

meantime, it was agreed that the President of the World Bank, the DAC Chair and a prominent person in the UN system would be sending a joint invitation to heads of agencies.

13. The mission briefed a cross-section of UN Missions in New York and Board members of both developed and developing member countries in Washington. While at the IMF, **Masood Ahmed** (Deputy Director of the Policy Development and Review Department, IMF) was consulted. He agreed that the Fund would seek to heighten its involvement in the Task Force's forthcoming work.

14. The mission agreed with **Alison Rosenberg** (Lead Partnership Specialist, SPA) that there was scope for creating greater synergies between the Task Force and SPA. A possible basis for a good division of labour could be for DAC to address principles and for SPA to concentrate on in-country delivery and lesson learning between countries.

15. **Richard Allen** (Director, PEFA) briefed the mission on the work being carried out by his organisation (Public Expenditure and Financial Accountability) and recognised that there were specific areas of mutual interest in the areas of financial management (Diagnostic Work and Developing Performance Measures for Public Financial Management).

16. On the issue of the IFAC/PSC's² project proposal to elaborate a standard on the financial reporting of Development Assistance, **Paul Bermingham** (Chair of the Financial Management Subgroup) indicated that the World Bank would endorse the project. The mission also agreed that the Chair would also write to the PSC reflecting the discussion at the last Task Force meeting.

² IFAC: International Federation of Accountants.

LIST OF INTERVIEWS

New York, Monday 15 July 2002

Sally FEGAN-WYLES, UNDGO Director

Emmanuel DIERCKX DE CASTERLÉ, UNDP

Mark MALLOCH-BROWN, UNDP Administrator

Carol BELLAMY, UNICEF Executive Director

Nitin DESAI, UN DESA Under Secretary General

UNDG EXECUTIVE COMMITTEE AGENCIES

Michael USNICK, WFP

Martim MAYA, UNDP

Nardos Bekele-Thomas, UNDP

Youssef ABDEL-JELIL, UNICEF

Eimar BARR, UNICEF

Tad PALAC, UNICEF

Peter MASON, UNICEF

Jun KUKITA, UNICEF

Cecilio ADORNA, DGO

Nicole DEUTSCH, DGO

Fernando HIRALDO DEL CASTILLO, DGO

Washington, Tuesday 16 July 2002

Shengman ZHANG, World Bank Managing Director

Colin BRUCE, World Bank Senior Manager

Soe LIN, World Bank Adviser

Masood AHMED, IMF, Deputy Director of the Policy Development and Review Department

Alison ROSENBERG, SPA Lead Partnership Specialist

Irene XENAKIS, SPA Operations Adviser

Jerome WOLGIN, SPA Principal Economist

Richard ALLEN, PEFA Director

Nicola SMITHERS, PEFA Adviser

Paul BERMINGHAM, World Bank Operations Adviser

Joanne SALOP, World Bank Vice President