

POM

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SIDA ACTION PLAN 2006-2008 FOR INCREASED AID EFFECTIVENESS

The purpose of this Action Plan is to ensure that Sida implements the commitments undertaken by Sweden in relation to the Paris Declaration 2005. The main messages are:

- > Sida is committed to implement the Paris Declaration for increased Aid Effectiveness.
- > Sida will in accordance undertake necessary changes bearing in mind that partner country contexts are very different and must be treated differently.
- > As a donor Sida will at all times focus on tangible results for poor women and men.
- > With the Policy for Global Development as a basis Sida shall seek to contribute where Sweden has a value added, in relation to other donors.
- > Sida emphasizes the important role of constructive communication and respectful dialogue for the international change process to succeed.
- > Sida is committed to capacity development for partner countries to strengthen their ownership.
- > The plan for 2006 includes six components: Monitoring implementation of the declaration. Learning and competence development. Development of methods and procedures. Communication. Quality assurance. Monitoring of the action plan.
- > It has its focus on facilitation of implementation and gives highest priority to three actions: First Sidas monitoring of the indicators. Secondly reduction of procedural obstacles for implementation. Thirdly communication.

2. Introduction

The MDGs and the Paris Declaration can be regarded as a new paradigm, as they constitute an international consensus on *what* needs to be done, and *how* it should be done, to reduce poverty and to promote development on a global scale. The MDGs provide the objectives and the Paris Declaration the tools. The Swedish Policy for Global Development reflects this international agenda and together they provide the framework for Swedish development cooperation. The specific goal is “to help create conditions that will enable poor people to improve their quality of life”.

The new agenda for increased aid effectiveness is formulated on the basis of experiences from successes and shortcomings in development. It is not an end in itself but provides measures and tools for change. It shall hence be seen as a process to improve results for poor women and men.

The new Aid Effectiveness agenda will profoundly affect all aspects of international development cooperation, including Swedish aid, through the emphasis on alignment, harmonisation, ownership, accountability and results.

The agenda must be interpreted in its specific political context. An important ambition behind the principles of ownership and accountability is to improve the democratic relation between governments and citizens. Thus it is important for external actors like Sweden to understand and relate to the political, social and economic preconditions for poverty reduction in our partner countries. Pluralism, rights, participation, policy alternatives, free debate and a vibrant civil society are important key words for the development it is our task to promote.

3. The Paris Declaration

The Paris Declaration goes beyond a statement of general principles and lays down a practical, action-oriented roadmap to improve the quality of aid and its impact on development. The partnership commitments included in the Paris Declaration are organised around five key principles:

Ownership – Developing countries exercise effective leadership over their development policies, strategies and co-ordinate development efforts. Donors' are responsible for supporting and enabling developing countries ownership by respecting their policies and helping strengthen their capacity to implement them.

Alignment – Donors base their overall support on partner countries' national development strategies, institutions and procedures. For example,

this means that donors will draw conditions, wherever possible, from a developing country government's development strategy, instead of imposing multiple conditions based on other agendas.

Harmonisation – Donors aim to be more harmonised, collectively effective and less burdensome especially on those countries, such as fragile states, that have weak administrative capacities. This means, for instance, establishing common arrangements at country level for planning, funding and implementing development programmes.

Managing for results – Both donors and partner countries manage resources and improve decision-making for results. Donors should fully support developing countries efforts in implementing performance assessment frameworks that measure progress against key elements of national development strategies.

Mutual accountability – Donors and developing countries pledge that they will hold each other mutually accountable for development results as outlined in the aid effectiveness pyramid below.



Partner countries and donors decided at the Paris High-Level Forum on Aid Effectiveness to monitor progress against 12 indicators. Targets for the year 2010 have been set for eleven of these indicators (see appendix). These targets, which commit both donors and partner countries, are designed to encourage progress at the global level among the countries and agencies that have agreed to the Paris Declaration. They are not intended to prejudge or substitute targets which individual donors or countries may wish to set, but rather provide a flexible benchmark against which countries and organisations can measure their performance. Progress towards these targets will also be reviewed in 2008.

4. Sweden in relation to the Paris declaration

4.1 Guiding documents

Sweden is actively promoting increased aid effectiveness within the OECD/DAC, the EU and the Nordic plus group of donors as well as in its contributions to the effective management of UN agencies. Several official Swedish documents are in line with the Paris Declaration

- The Government Bill on “Shared Responsibility” (Gov Bill 2002/03:122)
- Joint letter by State Secretary Annika Söder and Director General Maria Norrfalk, dated 14 April 2005
- The Budget Bill (2005/06:1, Bilaga 7)
- The new guidelines for cooperation strategies (UD2005/24624/GU).

Several internal documents confirm Sida support for increased aid effectiveness, e.g. the strategic priorities for 2006 and the action program for increased concentration in Sidas operations (adopted in June 2005). The most important progress towards increased aid effectiveness is however taking place at field level where the partner country and development partners have made mutual commitments at local level and established systems for monitoring of these. Sida is taking an active part in such processes. Hence implementation has already started.

Sida's main steering Sida documents are *Perspectives on Poverty and Sida at Work*¹. This Action Plan complements these and formulates concrete actions for Sida to be taken to implement the Paris Declaration. Other important documents to guide this work are the Good Practice Principles presented by OECD-DAC² and Nordic+ documents like the Complementarity principles. This new plan replaces the harmonisation plan from 2003. It is closely linked to the Action Plan for Poverty Focus, adopted in September 2005.

The time perspective for the Action Plan is the two year period from now until 2008 when the next High-Level Meeting on Aid Effectiveness is planned to be held in Ghana. The Action Plan will be updated in spring 2007.

¹ *Sida at Work- A Guide to Principles, Procedures and Working Methods*, 2005, *Sida at Work- A Manual on Contribution Management*, 2005 and *Så arbetar Sida, Manual för att utarbeta, genomföra och följa upp samarbetsstrategier (SamS)*, 2005.

² *Harmonising Donor Practices for Effective Aid Delivery*, OECD 2003, *Volume 2: Budget Support, Sector Wide Approaches and Capacity Development in Public Finance Management*, OECD 2005 and *Volume 3: Strengthening Procurement Capacities in Developing Countries*, OECD 2005.

4.2 Change Process

The new paradigm implies that Sida must change its way of working in relation to the three roles described in Sida at Work, that is, analysis, dialogue and steering of resources. The change process is about:

- a) Sharpen the poverty focus in line with the MDG:s while incorporating the rights perspective and the perspectives of the poor in all interventions.
- b) Making strategic choices with regard to financial and technical contributions and country portfolios based on country-led poverty reduction programmes such as PRS
- c) Adjusting aid delivery modalities in accordance with the Aid Effectiveness agenda applied to country-specific situations including possible arrangements for division of labour and complementarity among donors including the multilateral actors

Sida's change process shall have a clear focus on the field level. Tangible results for poor men and women shall at all times be the point of departure. The rationale for increased aid effectiveness, and the organisational effects, shall be communicated within the organisation. Sida shall actively learn from experiences made in the field and shall consequently make adjustments in each planning process. While striving for fast implementation of the agenda, strategic planning has to be guided by a long term vision. In the set up of harmonised structures and procedures dialogue and participation has to be prioritised. While increasing the share of programme based support, methods for other forms of modalities shall be developed and experiences learned from these interventions shall be used within the programme based support. An understanding of both macro development and issues at individual and community level has to be emphasised.

It should be noticed that the basic principle behind the Paris Declaration is that of mutual commitments. It is not only a change process for donors but for partner countries as well. It is therefore an important framework for all our dialogue with partner countries. The most important implication is a new relationship ("partnership") where partner countries and developing partners challenge each other in implementing the common agenda.

A key issue is concentration of Sida's resources. The basis for this should be country-led processes, e.g. Joint Assistance Strategies (JAS). Sida will be prepared to adjust to a division of labour in each country according to principles of complementarity. This is a long-term process and the foundation should primarily be laid in the cooperation strategies but it also requires preparedness for continuous adjustments. The regional departments have a responsibility for managing and the sectoral departments should participate actively in this process.

This overall action plan is a complement to the more specific plans at different levels within Sida. Several departments at Sida have presented plans for working towards increased aid effectiveness³. Even if much of the focus of the Paris Declaration is on cooperation with individual partner countries, the aid effectiveness agenda must also be implemented in regional and global programmes. The point of departure then becomes e.g. regional strategies formulated by a group of countries or a regional organisation. Also in these cases ownership and alignment are key factors.

In global programs, Sida is one of several donors and this creates possibilities to act together and strengthen a joint process for aid effectiveness. In both regional and global programs Sida should aim at integration of these programs, when applicable, into national strategies and priorities and inclusion of financing in national budgets. Sida should also work for harmonisation of methodological development in various sectors and cross-cutting areas and be prepared to take on a leading role in certain areas.

The aid effectiveness agenda means changes both for staff at field offices and at all departments, be it regional, sectoral or administrative at Sida Stockholm. It also means changes in the roles of other Swedish actors in development cooperation. Swedish companies, consultants and institutions are often main factors behind what could be identified as Swedish comparative advantages or value added in development cooperation. But at the same time they must increasingly become part of the international supply of resources to be utilized by the partner countries in accordance with their strategies and priorities.

4.3 Sida's relation to international processes

Sweden's and Sida's progress in implementing the Paris Declaration will be monitored by partner countries and other donors both at global level and in each partner country. Sida will internalise this monitoring into its own processes.

Sweden will continue to play an active role in the Working Group for Aid Effectiveness in OECD/DAC. Sida strongly supports partner countries participation in the Working Group. Sweden is also participating in other processes which in some aspects set a more ambitious agenda. Sida is committed by the targets set by EU at the High Level Forum in Paris as well as by the EU Development Policy (and is guided also by the Council conclusions on Harmonisation from 2004 and from April 2006 on development financing and aid effectiveness). Sida is participating in the Nordic + cooperation and thereby committed by the Joint Action Plan agreed

³ One example is: "Parisagendan-konsekvenser för INEC", February 2006.

within this group. Sida also has a responsibility to follow and contribute to the implementation of the Paris Declaration by the multilateral organisations (UN-system and International Financial Institutions).

Sida shall be an active partner in implementing the Paris Declaration, both at country level and at global level. Strategic considerations shall be taken in relation to what is Sida's/Sweden's value added to each specific context. This means that Sida shall be prepared to take a lead when needed, as well as to withdraw at appropriate times. As an organisation Sida therefore needs to be clear on goals, visions and specific competence.

4.4 Sida's response to the Paris Declaration

The Paris Declaration formulates 56 specific commitments and 12 indicators of progress. An interpretation of the implications of the Paris commitments for Sida's work has been made in the 2005 version of *Sida at Work* (see Box 1).

Box 1: Implications of the Paris Declaration on Sida's work

1. Sida funds should always be integrated with, and reflected in, the planning and budgeting process of the partner country. In order to achieve this Sida should provide timely, transparent and comprehensive information on resource flows.
2. Sida should support the strengthening of partner countries' capacities for, and use of, results based management and as much as possible use partner country assessment frameworks for its own monitoring.
3. Sida should increase the share of programme-based support (general budget support and sector programme support) whenever conditions allow.
4. Sida should reduce the number of sectors and/or programmes/projects that it supports in order to concentrate on areas where Sweden has comparative advantages in terms of knowledge and/or experience. Alternatively, Sweden could reduce its involvement by increasingly using delegated cooperation as a preferred cooperation form.
5. Sida should always promote harmonisation, not least in fragile states.
6. Sida should support capacity development in partner countries through coordinated programmes consistent with partners' national development strategies.
7. As far as possible, Sida should use the public financial management systems of its partner countries for channelling its funds. Channelling funds through the partner's systems will normally contribute to strengthening the systems, however Sida must be prepared to support capacity building in public financial management in order to ensure accountability in the use of all resources, domestic as well as external.
8. Likewise Sida should as far as possible use procurement systems in partner countries for procurement connected to Sida contributions, and will be prepared to finance capacity development relating to procurement.
9. Sida should not establish separate Project Implementation Units for its contributions.
10. Sida should share its analytical work with partner countries and other development partners.
11. Sida's planning processes should be long-term and transparent. For example, disbursements should be made according to agreed schedules if conditions are met.
12. Sida should reduce the number of missions to partner countries that include a request to

meet with officials from the country. Sida should instead be part of joint missions with other donors.

13. Sida should push for further harmonisation efforts on cross cutting issues such as sustainable use of natural resources and protection of the environment, gender equality and other thematic issues, such as the remaining central elements for poverty reduction.

Source: Sida at Work 2005, p 40-41

Sida regards the Paris Declaration as a principle guiding document, which is contextual for each country. Each respective country's situation and priorities has to guide speed, process and specific content of the agenda. Capacity development is crucial in this regard, specifically in relation to Public Financial Management and Managing for Development Results. In countries in conflict or post-conflict situations, coordination and harmonisation is extremely important while alignment may not be possible in the short run. The DAC principles for Good International Engagement in Fragile States⁴ should however be followed as much as possible. The implementation of the Paris agenda will also be different in countries where ODA represents a very small share of total resources (e.g. in middle-income countries).

A process of monitoring of the Paris Declaration has already started within OECD-DAC. This includes primarily monitoring of the 12 indicators but will later involve also monitoring of the commitments. Sida's implementation plan builds on these commitments and indicators and initiates a translation of them into specific targets for Swedish development cooperation.

This plan places the focus on the possibilities of the agenda. It must not be interpreted as a new policy directive but as a common framework for actions and processes. It will be based on a firm commitment from management, a balanced reality-based approach and an open debate about opportunities and problems.

It should finally be underlined that the plan as well as the aid effectiveness agenda must not be interpreted only in a state- and government oriented way. It should be based on a reinforced use of the perspectives of the poor and an increased attention to the importance of non-state actors in our partner countries. Sida must base its cooperation on an analysis of the role of the state, the civil society, the private sector and other actors in each country. The basic concept of "ownership" must be interpreted as including the whole society, leading to strengthened democratic and participatory processes and increased government accountability towards its citizens.

⁴ *Principles for Good International Engagement in Fragile States*, Draft, DAC Learning and Advisory Process on Difficult Partnerships (LAP), 7 April 2005.

5. Action Plan 2006-2007

The Action Plan 2006-2007 consists of six components:

- A. Monitoring the implementation of the Paris Declaration
- B. Development of methods and procedures
- C. Learning and competence development
- D. Communication
- E. Quality Assurance
- F. Monitoring of the Action Plan

The actions presented below have different status. Some processes are already established but are included here for the sake of overview and to facilitate monitoring while others remain to be formulated. The action plan is a common framework for these processes but each process is subject to more detailed planning by responsible departments.

A. Monitoring the implementation of the Paris Declaration

A monitoring system to measure mutual progress against the agreed partnership commitments and indicators agreed in the declaration will be established at international level. A first round of survey work in order to establish a comprehensive baseline and methodology for tracking implementation progress through 2010 will be carried out in 2006. Early progress against the baseline will be measured in a second survey in 2008, ahead of the Third High Level Forum in Ghana.

This monitoring process is intended to complement and promote broader in-country processes and dialogue between development partners. DAC:s "Joint Venture on Monitoring the Paris Declaration" is developing technical guidance, survey instruments and a methodology for collecting and reporting on data relating to the agreed targets. Data collected at country level in the 2006 survey will be sent to the OECD-DAC for global aggregation and reporting purposes. It will also be shared in donor agency headquarters. This process will form the basis for Sida's monitoring.

Actions:

1. Country level reporting on the indicators.

Baselines for all the indicators at country level will be established for the countries covered by the DAC survey in 2006. The Swedish embassies in these countries will provide information to the national coordinator in each country according to the definitions and guidance presented by the DAC.

In addition to this reporting, the embassies will be requested to provide POM with information on their implementation of the Paris Declaration. This information will be used in Sida's reporting, as requested in the Letter of Appropriation. Instructions to the concerned embassies will be disseminated in June.

Responsibility for advice and coordination: POM

Responsibility for implementation: Embassies

Deadline for reporting to POM: September 30th 2006.

2. Formulating priorities in the operational planning for 2007

As aid effectiveness is one of Sida's strategic priorities, the instructions for the operational planning for 2007 will include a request for information on planned measures at country level. Priority will be given to:

- Use of programme support
- Concentration, complementarity and delegated cooperation

Responsibility for the instructions: DG:s office and EVU

Deadline: Instructions final by September 6th 2006.

3. Indicators, targets and measurement for Sida

For management purposes Sida needs to interpret more in detail its commitments to the indicators and targets in the Paris Declaration in the context of Sida-operations. This process should provide improved definitions, methods of measurement and monitoring. A document will be produced to formulate clarifications of targets for 2010 based on the declaration and our commitments through the EU. It will draw on the experience from the DAC survey and from Sida's operational planning.

Responsibility: POM.

Deadline: A draft will be ready by December 31st 2006.

4. Advisory services for embassies and operational departments in implementation.

During the preparations of this plan the need for support functions related to the Paris Declaration has been expressed, not least from the field. Since the implementation of the Paris Declaration concerns all aspects of Sida's operations, it is important that relevant departments at HQ are able

to provide accurate and timely advice in relation to their respective areas of responsibility. To this end POM will in cooperation with representatives from the all departments identify measures to improve HQ's ability to deliver advice to the field.

Responsibility: All departments within their area of responsibility. POM for coordination

Deadline: Proposal on measures will be elaborated by October 31st , 2006

5. Assessment of implementation by multilateral institutions

According to the Letter of Appropriation Sida shall report on how multilateral institutions (European Commission, UN-system, World Bank and regional development banks) implement the Paris Declaration in major Swedish cooperation countries.

Responsibility for guidelines: POM

Responsibility for reporting: Embassies, Regional Departments

Deadline for reporting to POM: September 30th, 2006.

B. Development of methods and procedures

Implementation of the agenda will require

- a) Continuous *review of procedures*
- b) *development of methods* in development cooperation,
- c) *implementation* of new methods and ways of working.

Actions:

6. Adjustment of procedures hampering the implementation of the Paris Declaration

The Director General has earlier asked all staff to report any obstacles identified that prevent Sida from living up to our international commitments to aid effectiveness. This request will be repeated and the response coordinated by POM.

The reports on obstacles will form important inputs to adjustments of Sida's procedures and routines from the perspective of the aid effectiveness agenda. This could include adjustments of e.g. agreement templates, legal obligations, accounting and auditing principles and statistical classifications and definitions.

Responsibility for coordination: POM.

Actors i.a. EVU.

Deadline: Report on the identified obstacles and plan for measures to be taken by December 31st 2006.

7. Develop methodology and procedures regarding programme based approaches (ongoing).

An internal reference group has been established. The aim of this group is to contribute to coordination of Sida's policy and methodology work, including the country and sector specific programme support working groups which are being established within Sida. The group will present a proposal for clarification of definitions of various forms of programme support and Sida's position in relation to these. It will also present proposals on how Sida can increase the share of programme support and strengthen its competence for supporting programme based approaches in partner countries through support to analysis, dialogue, capacity development and financial support.

Responsibility: POM in close cooperation with other departments.

Deadline: A summary of the work will be ready by December 31st 2006.

8. Internal overarching project on Management for Results (ongoing).

At DAC/OECD level, it has been clarified that the focus on results and their indicators is not only a matter at partner country level but also at internal agency level, the latter targeting internal agency change processes in line with the Aid Effectiveness agenda. Sida's Internal Audit study 06/04 resulted in a Management Response to the Board of Sida. A project group has been established in order to produce a joint coherent Sida-wide framework for managing for results, including reporting in relation to the overarching goal of poverty reduction. The work will be done in close collaboration with Ministry for Foreign Affairs.

Responsibility: DG:s office for the commission. EVU for the implementation

Deadline: First reporting October 2006. Final report May 2007.

C. Learning and competence development

Implementation of the Paris Declaration necessitates intensified competence and capacity development for Sida as an organisation. This should be done in close coordination with partner countries and other donors.

The basic elements are:

- a) *Dissemination/communication* of the agenda in order to create awareness of the principles and implications within the whole agency.
- b) *Develop competence* in various positions with the regard to the new agenda including critical reflection and exchange of experiences on how to apply the agenda in different contexts.
- c) Review principles for *staffing, recruitment and incentives*.

Actions:

9. Seminars and workshops for competence development

This action is partly already ongoing and directly linked to the plan for poverty focus. Consequently as indicated there the ambition must be to integrate these two issues rather than treating them as separate tracks. The updated *Sida at work* – which primarily was modernised in these two dimensions – is a natural starting point.

The ambition will be to increase awareness and influence attitudes as well as to exchange experiences and stimulate critical reflection on the possibilities and challenges within the aid effectiveness process.

The target group is primarily all Sida staff, but also external Swedish actors in development cooperation will be considered.

Activities should respond to the needs and perspectives of different target groups namely:

- managers
- programme officers
- support staff

A plan for the seminars will be worked out and issues on systematic learning and methods development will be presented for discussion.

Responsibility: PEO-LÄR (in close cooperation with POM).

Actors: All operational departments and embassies

Deadline: the plan for the seminars will be ready in August 2006.

10. Review principles for staffing, recruitment and incentives with regard to the aid effectiveness agenda.

Recruitment, staffing and incentives are vital dimensions for the organisation in order to be able to find competent staff members with new skills, to have a good mix of different competencies in any given team (skills mix) and to find

ways of rewarding staff members performance in line with the results Sida would like to achieve as a learning organisation. These aspects are also closely linked to issues on corporate management and leadership.

It is also linked to ongoing efforts to define what constitutes Sida's core competence. A report has been presented where principles for this are elaborated⁵ and where the new agenda has been integrated.

Areas that should be looked into are among others: competence analysis, recruitment processes and procedures, staff development and incentives.

Responsibility: PEO HR & STAB (LÄR)

Deadline: a draft activity plan should be developed by 31 August 2006.

D. Communication

Aid effectiveness is one of Sida's strategic priorities. Communication of the new agenda is vital for internal dissemination and awareness. It is therefore important to develop a strategy for internal communication and dialogue, including embassies in the field. It is also necessary to develop strategies for external communication, to e.g. partners, private sector, decision-makers, the media and the public in Sweden. These strategies should be linked to and support communication strategies in partner countries and be based upon results frameworks in the partner countries. The work should be linked to the processes in OECD/DAC. An important aspect is to make clear what Sida is doing in relation to the commitments and indicators in the declaration.

Actions:

11. Develop a strategy for internal and external communication about the aid effectiveness agenda (ongoing).

A pre-study is being completed, including an overall strategy for an integrated strategy for internal and external communication, including communication goals, target groups, overall messages, messages transferred to specific target groups, methods and monitoring of activities and goals. The study also plans for an internal organisation for the further work, financing and time frame for the period from year 2006-2008.

Responsibility for the pre-study: INFO

Deadline for the pre-study: June 2006

⁵ Slutrapport från arbetsgruppen för Sidas kärnkompetens, november 2005.

12. Develop dialogue and communication with representatives from the civil society.

As a direct consequence of the implementation of the Paris Agenda - where the role of the government and the state has been strengthened in the development cooperation - the importance of a democratic and vibrant civil society has increased. Support to the civil society is needed in order to secure that the voices of the poor are being heard; increase the accountability of the state towards its own citizens as well as for service delivery. Sida is strengthening the civil society through Swedish organisations and through direct support to civil society organisations in each country.

This action aims at increased consciousness among Civil Society organisations about the Paris agenda and the intentions behind the declaration and increased knowledge within Sida about the ongoing efforts for increased aid effectiveness and harmonisation that is taking place within the Civil Society networks. It could also be used as a platform for Sida to work for increased harmonisation between the donors about the goals for the civil society support and mechanisms.

Sida should also develop a systematic approach for dialogue with the civil society in order to ensure a strong link between the micro and macro levels.

An inventory of a) the possibilities of implementing the Paris agenda in cooperation with the Civil Society, and b) the debate about the main issues of the Paris agenda as well as c) identify the main areas of concern for the future will be made.

Conferences will be arranged with CSOs about Poverty Reduction Strategies and about the Paris Agenda. A Donor Agency Meeting will be held with focus on the harmonisation of the civil society support.

Responsibility: SEKA.

Deadline: Conclusions on strategic issues by November 30th 2006

E. Quality Assurance

The concept of Quality Assurance is closely related to the Aid Effectiveness agenda. The new agenda must be integrated into all forms for QA.

Actions:

13. QA in the Project Committees will include the Aid Effectiveness Agenda (ongoing).

Directives for the Project Committees have been established by the Director General and shall be implemented in all relevant departments and embassies. They include a more structured organisation of Sida's project committees which will facilitate the use of *Sida at work* – and its guidelines on poverty focus and aid effectiveness – in QA within Sida.

The Project Committees are important instruments for sharing experiences and discussion of principal issues. These discussions and conclusions should be disseminated widely as examples of good (or bad) practices for learning.

Responsibility: POM, Regional and Sector departments, Embassies

14. The Peer Review Committee for Cooperation Strategies will monitor the aid effectiveness- issues in its reviews (ongoing).

The committee has recently been given a formal role and a clearer mandate. Its main task is to review country cooperation strategy proposals and to establish standards. One of the criteria for this will be that Swedish commitments reflect the international Aid Effectiveness Agenda. The Peer Review Committee will be the Director General's central instrument for quality assurance of cooperation strategies and its mandate is advisory.

15. QA-missions will include aid effectiveness issues (ongoing)

Aid effectiveness is a key component in QA-missions to embassies. The missions should be used for in depth study on the progress and problems in implementation of the Paris Declaration in the country and in the Swedish cooperation. They could also be used for competence development at the embassy.

Responsibility: QA-unit

F. Monitoring of the Action Plan***Actions:*****16. Annual Report on progress in increasing aid effectiveness of Swedish development cooperation.**

The Swedish Government in its letter of appropriation for 2006, has requested Sida to report on measures taken at headquarter and at the field offices in order to implement the Paris Declaration.⁶

Sida will use the information and reporting from the actions identified in the action plan for this reporting. This report will be institutionalized as an Annual Report on progress in increasing aid effectiveness in development cooperation which will be included as a part of Sida's Annual Report.

Responsibility for the report: POM.

Responsibility to provide the information: Embassies, Regional Departments and the other actors responsible for implementing this action plan.

Deadline: 31 October 2006.

⁶ Letter of Appropriation 2006

Appendix: Agreed Targets for the 12 Indicators of Progress

| INDICATORS | | TARGETS FOR 2010 | |
|------------|--|---|---|
| 1 | Partners have operational development strategies | At least 75% of partner countries have operational development strategies. | |
| 2a | Reliable public financial management (PFM) systems | Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance. | |
| 2b | Reliable procurement systems | One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator. | |
| 3 | Aid flows are aligned on national priorities | Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget). | |
| 4 | Strengthen capacity by co-ordinated support | 50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies. | |
| 5a | Use of country public financial management systems | For partner countries with a score of 5 or above on the PFM/CPIA scale of performance (see Indicator 2a). | All donors use partner countries' PFM systems; and Reduce the gap by two-thirds — A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems. |
| | | For partner countries with a score between 3.5 and 4.5 on the PFM/CPIA scale of performance (see Indicator 2a). | 90% of donors use partner countries' PFM systems; and Reduce the gap by one-third — A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems. |
| 5b | Use of country procurement systems | For partner countries with a score of 'A' on the Procurement scale of performance (see Indicator 2b). | All donors use partner countries' procurement systems; and Reduce the gap by two-thirds — A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems. |
| | | For partner countries with a score of 'B' on the Procurement scale of performance (see Indicator 2b). | 90% of donors use partner countries' procurement systems; and Reduce the gap by one-third — A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems. |
| 6 | Avoiding parallel PIUs | Reduce by two-thirds the stock of parallel project implementation units (PIUs). | |
| 7 | Aid is more predictable | Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled. | |
| 8 | Aid is untied | Continued progress over time. | |
| 9 | Use of common arrangements or procedures | 66% of aid flows are provided in the context of programme-based approaches. | |
| 10a | Missions to the field | 40% of donor missions to the field are joint. | |
| 10b | Country analytic work | 66% of country analytic work is joint. | |
| 11 | Results-oriented frameworks | Reduce the gap by one-third — Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third. | |
| 12 | Mutual accountability | All partner countries have mutual assessment reviews in place. | |

Footnote -- This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).