DEVELOPMENT CO-OPERATION DIRECTORATE
Development Assistance Committee

Working Party on Aid Effectiveness

COMPRENDIUM OF EXPECTED INPUTS FOR THE PREPARATION OF THE ACCRA HIGH-LEVEL FORUM ON AID EFFECTIVENESS

28-29 November 2007

This document is presented for DISCUSSION under agenda item 3 [DCD/DAC/EFF/A(2007) 10] at the meeting of the Working Party on Aid Effectiveness.

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COMpendium of Expected Inputs for the Preparation of the Accra High-Level Forum on Aid Effectiveness

1. In October, the Chair of the Working Party invited a broad range of subsidiary bodies and networks to share information on how they are planning to contribute to the Accra High-Level Forum (DCD/DAC/EFF(2008)38). The chairs were invited to answer with a very short note (2 pages maximum) along the following lines:

• The context and the main objectives of the working group or task, as well as its membership and relations with other work.

• The process they planned to follow (consulting work, country workshops, field missions, etc.), the planned outputs (reports, policy notes, dissemination workshops, etc.) and their timeline.

• Their views on how this work could inform the HLF-3, the event itself, its preparation and its outcome.

2. This report is a compendium of all the responses received to date and is structured in four parts:

• Part 1: Contributions to the monitoring and evaluation of the Paris Declaration

• Part 2: Contributions from other Joint Ventures and groups established within the framework of the Working Party on Aid Effectiveness.

• Part 3: Contributions from the other OECD-DAC networks.

• Part 4: Contributions from miscellaneous networks and bodies.

3. The responses are quite diverse, in terms of both content and format. However it is important that the WP-EFF members see the original from the working groups, with minimum editing changes. Only titles may have been simplified, to be presented in a coherent format.

4. **Key issues for discussion** – Members are invited to review these contributions with a view to:

• Identifying key contributions and outputs for Accra.

• Flagging potential gaps, linkages and overlaps.

• Recommending actions that will improve the relevance of these contributions to the Accra dialogue process.
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PART 1:

CONTRIBUTIONS ON MONITORING AND EVALUATING THE PARIS DECLARATION

- Joint Venture on Monitoring of the Paris Declaration
- Evaluation of the Paris Declaration
- Lessons learned from DAC Peer Reviews
JOINT VENTURE ON MONITORING THE PARIS DECLARATION

1. Monitoring the implementation of indicators and commitments made in Paris is an integral part of the Paris Declaration on Aid Effectiveness. The main aim of the Joint Venture is to support the development community in achieving progress on the Paris commitments and, more specifically, to facilitate the monitoring of the 12 indicators which serve as proxies to the broader commitments as set out in the Paris Declaration. In doing so, the Joint Venture supports and co-ordinates a set of monitoring activities to track and encourage progress in implementing the agreed commitments over the medium term. To this end, the Joint Venture will:

- **Develop guidance and methodology for monitoring the Paris Declaration.** By developing guidance and methodology the Joint Venture has operationalised the commitments and improved collective understanding of the Paris agenda. The Joint Venture has also ensured the consistent aggregation of information on indicators across a range of countries for the 2006 Survey and issued proposals on strengthening the monitoring process as well as indicators for future Surveys (2008 and 2011).

- **Coordinate three surveys on monitoring the Paris Declaration** (2006, 2008 and 2011). The Paris Declaration calls on the partnership of donors and partner countries to coordinate the international process for monitoring the Paris Declaration. In 2006, the Joint Venture coordinated the baseline Survey in 34 countries in the world and captured 37% of country-programmable aid. It will support a further two rounds of monitoring in 2008 and in 2011. The “Overview of Results of the 2006 Survey” was published in 2007 along with the detailed 34 country chapters.

- **Encourage implementation of the Paris Declaration at the country and the international level.** Monitoring the Paris Declaration has proved to be an effective mechanism to disseminate the Paris Declaration across a broad range of countries and organisations. It has also helped stimulate a broad-based dialogue (at both country and international levels) on how to make aid more effective; and promote agreement on specific actions that contribute to successful implementation of the Paris Declaration at country level.

- **Propose arrangements for the medium term monitoring of the Paris Declaration.** The Paris Declaration calls upon the Working Party on Aid Effectiveness to propose arrangements for the medium term monitoring of the commitments included in the Declaration (§11 Paris Declaration). To that end, the Joint Venture has elaborated a medium-term monitoring plan to review progress and promote action-oriented steps to encourage reliance on country level monitoring; enable synergies between national and international monitoring efforts; and reduce potential duplication of efforts in the monitoring of the 56 Paris Declaration commitments.

The Joint Venture’s contribution to Accra

2. The Joint Venture is planning to make two contributions for the Accra High-Level Forum:

   I. **Overview of the Results of the 2008 Survey on Monitoring the Paris Declaration.**

   II. **Compendium of donor reports on progress in implementing the Paris Declaration.**

3. **Overview of the Results of the 2008 Survey on Monitoring the Paris Declaration** — Following the baseline survey undertaken in 2006, the Joint Venture on Monitoring the Paris Declaration will be coordinating the 2008 Survey. The overview of the results of the 2008 Survey will be presented at the High Level Forum in Accra.
4. The 2008 survey will provide the primary source of information for tracking progress against the Paris Declaration. In preparing for the 2008 Survey, the Joint Venture has proposed new arrangements with a view to:

- Improving the clarity of the definitions so as to improve consistency of the results and reduce the transaction costs of managing the survey at country level.
- Deepening qualitative assessments in the 2008 Survey.
- Expanding coverage of the 2008 Survey so as to capture a more representative cross-section of countries (e.g. countries in fragile situations) and donors including non-DAC donors and global initiatives.
- Strengthening the role of National Coordinators at country level.
- Broadening country-level dialogue by increasing the involvement of civil society organisations.

5. The Survey results will also feed into the progress report prepared for the Accra High Level Forum which will enable a comparative analysis of the Survey results from 2006 and 2008. A first draft of the main report summarising the results of the 2008 Survey (similar to the Overview of the 2006 Survey Results) will be made available by 1 July 2008 in order to be finalised by the time of the Accra High-Level Forum. The individual country chapters, on which the overview is based, will be posted on the OECD website between June and October 2008.

6. Compendium of donor reports on progress in implementing the Paris Declaration — The Compendium forms part of the WP-EFF communication strategy [DCD/DAC/EFF(2006)6] which aims to support and accelerate outreach towards the broad range of development practitioners who are in charge of the implementation of the Paris Declaration. In 2006, all 23 DAC Members and multilateral organisations participating in the WP-EFF submitted a “one-page” report.

7. A second compendium of donor self-assessments will be undertaken in time for the High-Level Forum in Accra in 2008. The compendium will include an Executive Summary outlining key trends and the donor assessments will be organised around a set of key issues to be approved by the Working Party on Aid Effectiveness in November 2007.

Table 1: Joint Venture on Monitoring the Paris Declaration: Consultations & Outputs

<table>
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<tr>
<th>TIME FRAME</th>
<th>Oct. – Dec. 07</th>
<th>Jan.-Apr. 08</th>
<th>May.-Aug. 08</th>
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<tr>
<td>JOINT VENTURE</td>
<td>(26 Nov. 07)</td>
<td>(March 08)</td>
<td>(July 08)</td>
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<td>▪ Review plans &amp; adjustments for 2008 Survey.</td>
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<td>▪ Review proposals for Compendium of donor reports.</td>
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<td>WORKING PARTY</td>
<td>(28-29 Nov. 07)</td>
<td>(April 08)</td>
<td>(July 08)</td>
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<tr>
<td>▪ Approve proposals made by JV for 2008 Survey.</td>
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<tr>
<td>▪ Approve proposals made by JV for Compendium of donor reports</td>
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1 For more details on the proposed arrangements for managing the 2008 Survey please see DCD/DAC/EFF(2007)34/REV1.
EVALUATION OF THE PARIS DECLARATION

Why evaluate the Paris Declaration?

1. The overall purpose of the evaluation is to assess the relevance and effectiveness of the Paris Declaration and its contribution to development aid.

2. The evaluation will consider qualitative aspects, building on and complementing the quantitative information obtained through the monitoring of the Paris Declaration. Monitoring will identify what progress has happened, while evaluation will help answer questions such as how it happened; why does it work or why does it not work; and what are the explanatory factors?

3. The first phase of the evaluation process is underway and is expected to be completed in 2008 in order to highlight practical lessons, to contribute to ongoing aid effectiveness policy debates and to the High Level Forum on Aid Effectiveness that will take place in Accra, Ghana, in September 2008.

The Paris Declaration

The Paris Declaration, endorsed on 2 March 2005, is an international agreement signed by over one hundred ministers, heads of agencies and other senior officials. The declaration lays down an action-orientated roadmap intended to improve the quality of aid and its impact on development. The 56 commitments are organised around five key principles: ownership, alignment, harmonisation, managing for results and mutual accountability. Twelve indicators of aid effectiveness have been developed as a way of tracking and encouraging progress against the broader set of commitments. A first monitoring report of the declaration has been released.

Who could benefit from this evaluation?

4. The findings of this evaluation will be of interest to multiple parties. They will first and foremost be of interest to the stakeholders who agreed to the Paris Declaration. A further key audience are those tasked with implementing the Paris Declaration: governments, donors, civil society and private sector stakeholders in partner countries as well as management and operational staff of development agencies. Finally, the results of the evaluation should be of interest to the broader public: the people in developing countries for whom aid is destined and the people in developed countries whose tax-money is spent on development assistance.

Who is managing the evaluation?

5. The overall strategic guidance for the evaluation is provided by an international reference group with broad membership. It is co-chaired by a partner country representative from Vietnam and a donor country representative from Denmark. The reference group will report the results to the High Level Forum on the Paris Declaration in 2008. The group is endorsing the evaluation framework and the medium to long-term programme of analytical work and is commenting as appropriate on draft component studies and on the synthesis report. The reference group will also ensure support to the evaluation process from different stakeholders (partner countries, development partners and civil society), give strategic directions for the evaluation and ensure that adequate resources are provided for the evaluation.

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2 The reference group membership comprises: WP-EFF partner country representatives plus representatives of any other country undertaking country level evaluations; OECD/DAC Network on Development Evaluation members representing development partner countries/agencies including UNDP’s Evaluation Office representing UNEG and World Bank IEG representing IFIs; reality of Aid/Ibon representing civil society organisations in partner countries; EURODAD/Bond representing civil society organisations in donor countries; AFREA, the professional evaluation association in Africa.
6. The reference group has appointed a small management group to co-ordinate and manage the overall evaluation process. The management group also supports the donors and partner countries conducting their evaluations. The reference group and management group are supported by a small secretariat hosted by Denmark.

**How will the evaluation be carried out?**

7. In order to provide a proper basis for assessment the evaluation will be carried out in two phases. The first phase of the evaluation seeks to assess whether and how these changes are taking place, while the second phase will attempt to determine whether such changes have led to improved development effectiveness.

8. The first phase of the evaluation (2007-2008) consists of three separate series of evaluations/studies, of which findings will be synthesised and analysed. These studies include:

   1. **Country level evaluations** designed within a common evaluation framework to ensure comparability of findings across countries while allowing flexibility for country specific interests. These evaluations will look at actual implementation of the Paris Declaration in concrete settings and will be conducted in ten volunteer partner countries. The country level evaluations will be managed by the respective partner country and will be supported, both financially and substantively, by donors.

   2. **Donor headquarter evaluations** will look at how the Paris Declaration is represented in the policies and guidelines of a sample of donor organisations. These evaluations will be conducted at headquarter level of 11 donor organisations. The evaluations will mainly be based on document reviews and supplemented by interviews with key actors. These evaluations will be managed by the respective donor’s evaluation department and guided by a reference group, preferably with involvement of one or more partner countries.

   3. **A number of thematic studies** to supplement the country level and donor evaluations will also take place. Thematic studies will primarily be based on existing documentation (evaluations, research reports and other types of studies) and might focus on topics such as fragile states, co-ordinated technical co-operation and tied aid.

9. The second phase, which will be launched in the second half of 2008, will focus on a summative investigation and will be assessing outcomes, i.e. aid and development effectiveness. These findings will be presented at the High Level Forum in 2011.

**More information**

10. All relevant information on evaluating the implementation of the Paris Declaration can be found on the DAC Evaluation Network website: [www.oecd.org/dac/evaluationnetwork](http://www.oecd.org/dac/evaluationnetwork)

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3 The management group comprises: Vietnam and South Africa (representing partner countries); UNDP (Evaluation Office); Denmark (Evaluation Department, Danida/Secretariat for the Evaluation of the Paris Declaration); and The Netherlands (Policy and Operations Evaluation Department, Ministry of Foreign Affairs).

4 Partner countries include Bangladesh, Bolivia, Mali, Philippines, Senegal, South Africa, Sri Lanka, Uganda, Vietnam, and Zambia.

5 Donor agencies include those from Australia, Denmark, Finland, France, Germany, Luxembourg, Netherlands, New Zealand and the United Kingdom, and the Asian Development Bank and UNDP.
1. **Purpose**

The purpose of the report is to review the experience of 14 bilateral donors in implementing the commitments agreed in the Paris Declaration on Aid Effectiveness (2 March 2005). The review is based on the findings of the 14 Peer Reviews undertaken by the OECD-DAC since the Paris Declaration was adopted in March 2005\(^6\). More specifically, it will:

- Provide information complementing the data measured through the twelve indicators of progress in partner countries;
- Draw lessons learned from the broader perspective on aid systems provided by Peer Reviews that can be useful to support change to achieve greater aid effectiveness at the donor level.

2. **Background**

Since the adoption of the Paris Declaration in 2005, DAC Peer Reviews have covered aid effectiveness issues as a special topic in the chapter focusing on country operations. Starting in 2007, a more systematic review of DAC member’s efforts to implement the Paris declaration’s five commitments has been included in Peer Reviews, as part of a new chapter on aid effectiveness. This approach generates qualitative information on individual donor activities and is also a way to maintain the pressure to implement the partnership commitments endorsed by donors.

Peer Reviews offer a special type of insight to the aid effectiveness agenda. They cover the overall system of development co-operation, both at policy and operational levels, at Headquarters and in the field. They approach each specific topic in relation to the broader system. Reviewing aid effectiveness as part of Peer Reviews therefore allows capturing the multi-dimensional implications of the Paris commitments at the donor level. In particular, this enables us to identify and track interactions between each commitment and the whole system, and enlightens the linkages between the strategic level approach and the delivery mechanisms, such as the institutional and human resources implications of policy orientations.

3. **Method**

The report covers a period starting with the adoption of the Paris Declaration in March 2005 and ending in mid-2008. During this period, donor agencies have developed policies and strategies and are gradually putting into place processes for implementation of their aid effectiveness action plans. Therefore, rather than comparing each country’s progress measured at a different point in time, the study will bring a qualitative view of how donors try to adjust their systems, procedures and delivery modalities to meet their commitments, and what remain the key challenges for donors in implementing the Paris Declaration. In doing so, it will emphasise lessons learnt and good practice. The report will also draw from information gathered during the 24 missions in partner countries, as reflected in the Peer Review reports.

\(^6\) 2005: Belgium, Germany; 2006: Portugal, United Kingdom, Netherlands, Greece and the United States; 2007: Denmark, the European Community, Canada, Spain and Finland; 2008: France, Luxembourg. In the course of these Peer Reviews, review teams undertook 24 one-week missions to 23 partner countries.
5. The coverage of the review is determined by the material available in peer review reports as well as by a conscious effort to complement other instruments and studies. More specifically, as three Joint Ventures of the Working Party on Aid Effectiveness are dedicated to support the implementation of the Paris Declaration in managing for results, public financial management and procurement, these topics, including the use of country systems, will not be covered by this study. Also, the specific case of fragile states is not covered since the OECD/DAC Fragile States Group addresses this issue. Equally, in order to ensure complementarity with the Compendium of good practices on division of labour under preparation [DCD/DAC/EFF(2007)11] the section on the division of labour will focus on the “cross-modalities and instruments complementarity” dimension.

4. **Content**

6. The report will present the efforts made by bilateral donors to implement the Paris Declaration commitments. It will focus more specifically on two key areas:

- **Institutional responsiveness to the Paris Declaration**: The report will examine the extent to which donor headquarters have been responsive to the challenges of implementing the Paris Declaration. In particular, the report will explore the changes needed at the donor level to create a favourable working environment to implement the aid effectiveness agenda and the way donor agencies address this challenge. It will specifically explore the following questions with references to specific Peer Reviews and emphasis on good practice in each area: donor institutional systems; programming process; conditionality policy; aid delivery modalities; human resources policy; and technical assistance.

- **Effective co-ordination at country level**: The report will highlight several mechanisms set up by donors in the field to facilitate joint work and move toward greater division of labour. It will explore how donors engage in co-ordination issues (roles, actions, approaches) and draw out patterns, lessons and challenges, taking into account different contexts (e.g. middle income countries). While highlighting examples of good practice, the report will also stress key challenges in this respect.

5. **Deliverables and resources**

7. A first draft of the report should be ready in early 2008. The report will be finalised by April 2008. The final document will be about 20 pages and will be drafted by the OECD-DCD Peer Review Division.
PART 2:

CONTRIBUTIONS FROM OTHER JOINT VENTURES AND GROUPS ESTABLISHED WITHIN THE FRAMEWORK OF THE WORKING PARTY ON AID EFFECTIVENESS

- Joint Venture on Procurement
- Joint Venture on Public Financial Management
- Joint Venture on Managing for Development Results
- MfDR Joint Venture on Incentives
- Advisory Group on Civil Society
- Complementarity - Division of Labour
- Health as a Tracer Sector.
- Global programs
- Non-DAC providers of development assistance
JOINT VENTURE FOR PROCUREMENT

1. The use of country systems is a key component of aid effectiveness. It is an important means of increasing partner countries’ ownership over policy design and delivery. Using country systems is expected to strengthen partner countries’ national development strategies and implementation frameworks; increase the alignment of aid and private investment with the partner countries’ priorities, systems and procedures; reduce the transaction costs for partner countries receiving aid and investment; and improve a partner country’s capacity to design, implement and account for its policies to its parliament and its citizens.

2. The JV for Procurement has supported the implementation of the procurement-related aspects of the Paris Declaration by developing and field-testing a benchmarking and assessment methodology for country procurement systems. This methodology has been applied in 22 volunteer “pilot” countries since early 2007. The baseline indicator portion of the methodology has also been field tested by the World Bank and the InterAmerican Development Bank since 2005 as part of operational CPAR exercises.

3. Progress reports from the JV pilot countries on their experiences and lessons learned to date have revealed other important aspects of strengthening and using reliable procurement systems:

   a) Procurement capacity development: Several countries have begun using the results of the assessments to identify areas of weakness in their systems. These needs are being prioritized with the support of development partners as the basis for capacity development interventions that are to be integrated into national development plans and budgets.

   b) Strengthening links with Public Financial management (PFM): Generally there are not many examples of substantial links in place between these functions in pilot countries. Greater coordination between the application of the procurement assessment methodology and the PFM performance methodology (PEFA) and the integrated use of the results of these assessments is needed;

   c) Promoting transparency and fairness: Fighting corruption, fraud and bribery is a priority for the members of the JV and for the stakeholders of procurement in both OECD and partner countries. The methodology includes several indicators for assessing the quality of the transparency and integrity of the system. Ensuring that procurement systems meet acceptable international standards and that the people managing and operating these systems are competent, ethical and well-managed is an ongoing objective of the JV.

   d) Performance measurement and managing for results: The progress reports have generally reflected that the partner countries require further assistance in gaining increased capacity to manage results, measure performance and monitor and report on progress. The assessment exercise has identified poor record keeping and data collection practices as major constraints to the full application of the methodology.

   e) Stakeholder participation in the assessment process and the final validation of results: The validation of both the assessment exercise process and the final results is a key element to the success of the JV pilot exercise. While government is responsible to manage the public
procurement system, it is very important that government consult with stakeholders during the assessment exercise and on an ongoing basis concerning the system’s good functioning. These stakeholders include: other involved government ministries, development partners, civil society and the private sector.

4. The purpose of this participation is to optimize the quality and the credibility of both the process and the results. As a result of a transparent and inclusive validation process, the development partners and the partner country government are able to account to each other for their respective responsibilities and achievements, the development partners are able to account to their Boards of Directors and parliaments about recommendations to use country procurement systems and the partner country government can account to its parliament and citizens on its capacity to deliver value and results by means of the public procurement system.

5. **Draft Good Practices Guide for Partner Countries and Development Partners.** The JV is preparing a draft guide on strengthening country procurement. The guide will outline procedures to plan and assess both structure and performance, to identify areas of strength and weakness and develop a capacity strengthening program to bring a country’s system to the level of best international practice.

6. This guide will use as references:
   a) Assessment reports, notably CPARs and other BIS reports, including those produced during the JV Pilot Exercise by partner countries,
   b) The Benchmarking and Assessment Methodology for Public Procurement Systems including baseline (BIS) and performance/compliance (CPIs) indicators including improvements received from the JV meeting at Copenhagen and during the field survey portion of the 2008 Monitoring exercise
   c) Best practice indicators to be developed as part of the guide preparation and
   d) Activities and outputs from various applications of the methodology and other related assessments

7. **The purpose of this guide** is to provide partner country and development partner authorities with a common set of approaches and practices based on user experiences at the country level for the application of the assessment methodology and the optimal use of the results of the assessment.

8. In doing so, the JV will ensure close coordination with the Joint Venture on PFM which is preparing a similar report on the use of country financial management systems.

9. **Structure of the Guide.** The guide will be structured as follows:
   a) The Baseline Indicators (BLIs)
   b) The Compliance / Performance Indicators (CPIs)
   c) Assessing the capacity and performance of a country procurement system
   d) Optimizing the results of the assessment in order to strengthen the system
JOINT VENTURE ON PUBLIC FINANCIAL MANAGEMENT

The Joint Venture’s mandate

1. One of the goals of the Paris Declaration is to ensure greater reliance on countries’ public financial management systems where there is assurance that aid will be used for intended purposes. The objective of the Joint Venture is to support the development community in achieving this goal and, more generally, facilitate the implementation of the Paris Declaration as it relates to Public Financial Management (PFM).

2. Problem Statement — The report on the 2006 Survey on Monitoring the Paris Declaration highlights a number of areas that require sustained efforts in order to achieve progress against the PFM targets agreed in Paris:

   - Quality of country PFM systems — According to the baseline survey more than one out of three partner countries in the survey have weak PFM systems (Indicator 2).
   - Inclusion of aid in national budgets — In many aid-recipient countries, aid contributes to a significant proportion of a country’s public expenditure. Yet, according to the Survey, a large proportion of aid flows are not currently reflected in governments’ annual budgets (Indicator 3).
   - Use of country PFM systems — According to the survey, 39% of aid flows use countries’ PFM systems (Indicator 5a). This average conceals very broad disparities between countries suggesting that the quality of country PFM systems is only one factor in determining how much use donors’ make of countries’ PFM systems.
   - In-year predictability of aid flows — In many countries, the survey shows a significant predictability shortfall: large volumes of aid were not disbursed within the intended year (Indicator 7).

3. Actions by the Joint Venture — The Joint Venture on Public Financial Management supports and co-ordinates a set of strategic activities that are most likely to yield improvements in encouraging progress at the country level over the medium term, including:

   - Good practice in implementing PFM – Strengthening capacity development and implementing country level reforms in PFM that are effectively supported by donors is critical to making progress in strengthening country PFM systems. The Joint Venture’s activities support progress in this area through a set of country case studies to deepen our understanding of the practical challenges at country level. The Joint Venture also works closely with regional and international PFM professional networks building on local expertise and knowledge. The Joint Venture has published good practice papers on: *Budget Support* (OECD 2005)*, Capacity Development in Public Financial Management* (OECD 2005), *Financial Reporting and Auditing* (OECD 2003)*.

   - Harmonisation of the measurement of performance in PFM — Performance frameworks are fundamental for assessing the quality of a PFM system, establishing the basis for sound reforms and for monitoring results and thus providing fundamental information for donors’ decisions with regard to the use of country systems. The Joint Venture’s activities support progress in this area through the monitoring of the adoption of harmonised measurement frameworks and by working


- **Transparency of information on aid flows** – Increasing transparency of information on aid flows is a critical objective for improving the effective use of aid (Para. 25-26). The Joint Venture’s activities enable progress in this area by supporting the establishment of accounting standards for disclosure requirements of external assistance and by working with other organisations to set out good practice in recording aid flows in national budgets. The Joint Venture has worked with the IPSAS Board to elaborate an International Public Sector Accounting Standard (IPSAS) and Disclosure Requirements for Recipients of External Assistance.

### The Joint Venture’s contribution to Accra

4. **Rationale** – The **use of country systems** is a key component of aid effectiveness and an important means of increasing partner countries’ ownership over policy design and delivery. Using country systems is expected to strengthen partner countries’ national development strategies and operational frameworks; increase the alignment of aid with partner countries’ priorities, systems and procedures; reduce the burden and transaction costs for partner countries of receiving aid; and improve a partner country’s sustainable capacity to design, implement and account for its policies to parliament and civil society.

5. **Report on use of country PFM systems** — The Joint Venture on Public Financial Management is planning to elaborate a short report (about 35 pages) on use of country PFM systems which will draw upon a range of workstreams and inputs both within and outside the Joint Venture. The purpose of this report is to inform the Accra High-Level Forum on challenges and opportunities in meeting the targets agreed in the Paris Declaration on the use of country systems in public financial management. To that end it will:

- Draw the lessons and take stock on the implementation of the commitments agreed in Paris.
- Identify opportunities for donors and partner countries to make greater use of country systems.
- Set out for the purpose of the Accra High Level Forum some key issues, messages and actionable commitments to accelerate progress in meeting the targets agreed in Paris.
- Ensure consistent messages emerge with the Joint Venture for Procurement and other relevant bodies.

6. **Content of the report** — The report will include four main chapters and an introductory section outlining the key messages to feed into the Accra Action Agenda. The report will be structured as follows: (i) Key messages and actions for Accra; (ii) Using country PFM systems; (iii); Challenges and constraints in the use of country PFM systems; (iv) Assessing the performance of country PFM systems; and (v) Strengthening country PFM systems.

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JOINT VENTURE ON MANAGING FOR DEVELOPMENT RESULTS

7. The Joint Venture on Managing for Development Results (JV MfDR) aims to help partner countries and donors address the closely linked pillars of the Paris Declaration (PD) on managing for development results and mutual accountability. In particular, it helps in documenting good practice and evidence that could feed into the assessment methodology - and the achievement of the respective PD commitments - regarding indicator 11 on results-oriented frameworks and indicator 12 on mutual accountability. The JV also aims to provide clear directions on addressing capacity development for results-based management and contributes to moving the work on incentives in aid agencies forward.

8. The Third International Roundtable on MfDR (Hanoi, February 2007) revealed growing awareness of the MfDR agenda at various levels. However, it is still mainly seen as a set of measuring and monitoring tools. Although statistics, monitoring and evaluation are essential components of the approach, the philosophy of results based management goes far beyond that. As the MfDR agenda represents a holistic way of thinking and behaving in order to gear development resources towards desired results, it is cross-cutting and encompasses the whole Paris agenda. And, even more important, this broader approach links results based management very closely to issues of leadership, domestic and mutual accountability – and governance in general. Through its envisaged contributions the JV MfDR would like to take advantage of the Accra HLF-3 as a great opportunity to better link the “results thinking” to the other cornerstones of the Paris agenda and to highlight the highly political nature of MfDR. Therefore, an intensified interchange of the JV MfDR work streams with the other work streams under the Working Party in Aid Effectiveness (WP-EFF) is necessary.

9. The JV MfDR will be in a position to present consolidated drafts of the expected core contributions by the beginning of March 2008. These will be submitted for discussion at the WP-EFF meeting in April 2008, along with a brief summary note identifying the key issues, messages and actionable commitments that the JV MfDR would like to see emerge from the Accra HLF-3. Finally, the JV MfDR will also contribute (by February 2008) to the HLF-3 Progress Report, providing inputs on building evidence and material on both good practice growing out of the PD and further constraints that are being faced.
Table 1: Joint Venture on Managing for Development Results: Expected Core Contributions to HLF-3

<table>
<thead>
<tr>
<th>Targeted PD Commitments</th>
<th>Expected Core Contributions to HLF-3</th>
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<tbody>
<tr>
<td>PD § 44: Partner countries commit to establish results-oriented reporting and assessment frameworks ... (indicator 11)</td>
<td>Contribution 1: Conceptual clarity and technical guidance on MfDR (practical guide, improved methodology for indicator 11)</td>
</tr>
<tr>
<td>PD § 46: Partner countries and donors jointly commit to strengthen country capacities and demand for results based management</td>
<td>Contribution 2: MfDR country capacity assessment tool</td>
</tr>
<tr>
<td>PD § 50: Partner countries and donors commit to undertake mutual assessment of progress in implementing agreed commitments on aid effectiveness ... (indicator 12)</td>
<td>Contribution 3: Concept, good practice and guidelines on mutual accountability (MA) at country level; study on existing mechanisms, synthesis report on MA at international level</td>
</tr>
<tr>
<td>PD § 3.i: Commitment to reforming and simplifying donor policies and procedures</td>
<td>Contribution 4: Guidelines on incentives and procedures in donor agencies</td>
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<tr>
<td>Contribution 5: Third Edition of a Sourcebook</td>
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**Contribution 1: Conceptual Clarity and Technical Guidance on MfDR**

10. Only two (7%) of the partner countries have satisfactory performance assessment frameworks (as a central element of MfDR) in place (indicator 11). There is still a huge gap between the importance of MfDR as a key concept for the whole aid effectiveness agenda and its real implementation. The JV MfDR took on the task of delivering greater clarity on what is necessary to implement MfDR. The contribution to HLF-3 will consist of a practical guide and a suggestion for an improved assessment methodology for indicator 11.

**Contribution 2: MfDR Country Capacity Assessment Tool**

11. Managing for results in partner countries is insufficient mainly because they lack capacity. Any effort to develop serious capacity in the public sector to fully manage for results will have to start with a deep assessment of the existing capacity. The JV MfDR will build up a capacity assessment tool that after pilot-testing in several partner countries may be presented at HLF-3. The tool would allow partner countries to conduct a facilitated self-assessment to provide them with a clearer view on capacity gaps, pursued actions and possible request for donor’s support. This assessment may serve as an entry point for a broader in-country discussion on MfDR.

**Contribution 3: Recommendations on Mutual Accountability Mechanisms**

12. Mutual accountability is crucial for a sustained increase in aid effectiveness. But only 44% of partner countries have mutual review mechanisms in place (indicator 12). The JV MfDR will contribute to sharpening the assessment methodology regarding indicator 12 as well as to support further implementation of this commitment. It aims at answering the key question: “Who can be legitimately held accountable by whom, for what, and how?” The JV work has a twofold focus: i) mutual accountability at country level (conceptual and good practice paper, recommendations); ii) mutual accountability at international level (study on existing mechanisms, synthesis report).
Contribution 4: Guidelines on Incentives and Procedures in Donor Agencies

13. The WP-EFF discussed ‘A Draft Good Practice Note on Incentives for Harmonisation and Alignment in Aid Agencies’ in March 2007 and agreed that the JV MfDR should broaden the scope of the framework, include MfDR and possibly the other dimensions of the Paris Declaration to cover aid effectiveness as a whole, and to look beyond multilateral institutions at all types of aid agencies. The JV MfDR goes for a set of good practice guidelines in this field, including a self-assessment tool to assist donor agencies to develop appropriate frameworks for increasing aid effectiveness. These should be tested with local aid co-ordination groups and launched at the HLF3.

14. The Multilateral Organization Performance Assessment Network (MOPAN) currently examines donor instruments for the Assessment of Multilateral Effectiveness (looking at indicators used in existing tools and the potential for harmonisation). The JV MfDR welcomes this initiative and refrains from duplicating work in this field. It will consider how to support the MOPAN work and how best to transfer its findings into the agenda for HLF-3.

Contribution 5: Third Edition of a Sourcebook

15. The first and second editions of a Sourcebook on Emerging Good Practice in MfDR demonstrated the advancement of the MfDR agenda in partner countries. The envisaged third edition to be presented at HLF-3 will address and guide both donor agencies and country partners as they implement MfDR techniques. This upcoming edition will focus on “Leadership” and explore how leadership drives organisational and process changes for results and how it relates to accountability.
MFDR TASK TEAM ON INCENTIVES

1. At the last WP-EFF meeting in March 2007 the UK and the World Bank presented a *Draft Good Practice Note on Incentives for Harmonization and Alignment in Aid Agencies (DCD/DAC/EFF(2007)7)*. They sought advice on the coverage of the note and the interest of WP-EFF members in pursuing the issue with the ultimate objective of developing DAC guidance on incentives. WP-EFF members welcomed the paper as an inspiring framework to embed the Paris declaration in staff behaviour and to take stock of progress in their own organizations. Partners were particularly pleased: in their view this was the first tangible attempt to address donor behaviour change considered of paramount importance for implementing the Paris agenda.

2. WP-EFF members suggested that the next iteration of the paper should:
   - Broaden the scope by including managing for development results and possibly ownership and accountability to cover aid effectiveness as a whole;
   - Address the specific challenges faced by different types of institutions (eg Ministry of Foreign Affairs, executing agencies);
   - Stress informal arrangements in addition to formal incentives;
   - Look at competing incentives for a range of headquarter and field staff (policy/ technical/ operational) and other ministries involved in policy dialogue in order to facilitate procedural change;
   - Push the principles in local aid co-ordination groups.

3. The continued work on “Incentives for Aid Effectiveness in Donor Agencies” is established as a task in the JV MfDR work plan 2007-2008. The UK and the World Bank jointly lead this task. They presented Terms of Reference and a draft set of guidelines to the JV MfDR at its meeting on 16 October 2007. The aim is to produce a set of good practice guidelines and a self-assessment tool to assist donor agencies to develop incentives for increasing aid effectiveness and meeting the agency commitments in the Paris Declaration. After testing with local aid co-ordination groups the self-assessment tool is scheduled to be finalised by the end of May 2008 and launched at the HLF-3 in Accra.
ADVISORY GROUP ON CIVIL SOCIETY AND AID EFFECTIVENESS

Background

1. The Advisory Group on Civil Society and Aid Effectiveness (AG) is a multi-stakeholder group consisting of 12 members, including three each from developing country partner governments, donors, and civil society organisations (CSOs) from developed and developing countries. It was established by the WP-EFF and will function at least until the HLF3.

2. The AG’s work is based on a number of basic premises:
   - Recognition that CSOs play a number of important roles as development actors in their own right and as part of the international aid architecture
   - Shared interest in enabling CSOs to reach their full effectiveness potential
   - Shared responsibility for developing improved working relationships in working towards this goal
   - A forward-looking agenda on civil society and aid effectiveness that includes Accra but extends beyond Accra.

3. The AG takes the Paris Declaration and the aid effectiveness principles it contains as a reference point upon which to build to meet the requirements of its specific mandate.

Objectives

4. A first role of the AG is to advise the HLF3 Steering Committee and the WP-EFF on CS participation in the Accra process, and to create a space for stakeholders on aid effectiveness to discuss CSO aspirations for enriching the international aid effectiveness agenda.

5. In addition, the AG has developed a work plan to consider how the role of civil society in development could be enhanced through:
   - Efforts by civil society itself
   - Improved donor relationships with civil society
   - An enhanced enabling environment for civil society in developing countries.

Outcomes

6. The AG work plan pursues the following outcomes:
   - Better understanding and recognition of the roles of CSOs as development actors and as part of the international aid architecture, and engagement of CSOs in general discussions of aid effectiveness (recognition and voice)
• Improved understanding of the applicability and limitations of the Paris Declaration for addressing issues of aid effectiveness of importance to CSOs, including how CSOs can better contribute to aid effectiveness (applying the Paris Declaration and enriching the international aid effectiveness agenda)

• Improved understanding of good practice relating to civil society and aid effectiveness by CSOs themselves, by donors and by developing country governments (lessons of good practice).

Time lines and activities

• Jan. – Oct. 2007: The AG has met five times since January 2007. Conceptual and analytical work undertaken to date has yielded a Concept Paper, an Issues Paper and a Consultation and Reporting Guide to help orient its own work and AG consultations on civil society and aid effectiveness. An extranet site has been created as a place for AG members and collaborators to share information (http://web.acdi-cida.gc.ca/cs).

• Oct. - Nov. 2007: Regional consultations involving CSOs and other stakeholders began in October 2007, and are continuing into mid-November, with meetings in Hanoi, Lusaka, Brussels, Cotonou, Managua, Kathmandu and Johannesburg. These are part of an ongoing process of issue exploration and consensus building.

• Aug. 2007 – March 2008: The AG encourages national-level stakeholders to organize similar consultations at the country level, and sees these as part of an ongoing process of dialogue that the AG process can help to kick start and nurture. Examples of countries in which national consultation processes have begun or are being planned include Bangladesh, Benin, Bolivia, DRC, Guyana, Haiti, Honduras, India, Kenya, Malawi, Mozambique, Mali, Nepal, Nicaragua, Niger, Tanzania, Senegal and Vietnam. The regional consultation process has stimulated interest in carrying out similar consultations in other countries.

• June 2007 – March 2008: Considerable case study work is being carried out in various parallel processes that are being closely coordinated with the work of the AG.

• Feb. 3-6, 2008: The AG’s International Forum will bring together the results of different work streams, including the regional and national consultations, case study work, and ongoing analytical work.

Key Outputs

7. In the later stages of the process, the AG will refine its recommendations, and oversee the preparation of a Good Practice Paper, a Case Book of good practices, and a synthesis report.

Link to the Accra Forum

8. The AG considers that the Accra HLF provides an opportunity to bring civil society organizations more officially into the international aid effectiveness agenda as part of a multistakeholder dialogue.

9. The AG plans to table its Good Practice Paper in Accra at one of the Accra Round Tables dedicated to this topic, and would like to see that Paper adopted as an input for ongoing consensus-building on civil society and aid effectiveness post-Accra.
10. The AG will recommend that an opportunity should be provided for CSOs to make a contribution in all of the Round Tables.

11. For the Ministerial part of the HLF, the AG will recommend that the HLF3 recognize the place of civil society in the international aid architecture, and will propose a forward-looking agenda to deepen joint understanding of the issues and develop a set of aid effectiveness principles relating specifically to the role of civil society in development.

12. The AG will recommend that space should be provided in the Ministerial for a statement by civil society that is likely to emerge from the parallel CSO process that will precede the Accra forum.

Resources

13. Funding and resources for the AG work are being provided by all of the AG members and several “friends of the AG.” The most important financial contributors to date (over $100k US) have been Austria, CIDA, DFID, France, Norway, Sweden and Switzerland. The current budget, not counting national processes, parallel processes, or contributions in kind, is $1.9M US.
COMPLEMENTARITY – DIVISION OF LABOUR

Rationalizing Aid Delivery: Why?

1. Fragmentation of aid and overlapping donor activities at global, country or sector level impair aid effectiveness, overburden partner countries, create high transaction costs and hamper effective poverty reduction. We see the aid architecture getting increasingly complex, marked by a proliferation of aid channels, fragmentation of aid flows, and increased earmarking of aid. We see emerging economies becoming more powerful actors in development cooperation. New actors such as global programs, vertical funds and private foundations have been entering the stage, as have new thematic areas such as Climate Change and Financial Transparency. The changing aid architecture is posing new challenges for aid effectiveness.

2. There is a lot to do to rationalize aid delivery. Notably enhanced complementarity of donor activities, as set out in the Paris Agenda, is key for increasing aid effectiveness and as such a prerequisite for a timely achievement of the Millennium Development Goals (MDGs). Improving complementarity and rationalising of aid delivery is even more important in the context of scaling-up aid.

Rationalizing Aid Delivery: How, Who and When?

3. The Accra High Level Forum is going to provide a unique opportunity to bring partners and donors together to commit on principles that lead us towards enhanced complementarity and rationalized aid delivery. Based on existing studies and ongoing assessments of good practices in partner countries, stimulated by the EU code of conduct on complementarity and division of labour, preparatory work on a set of principles on rationalizing aid delivery should be initiated. The concrete benefits of rationalizing aid delivery should be demonstrated by presenting good practices to donors and partner countries while also analyzing the challenges and lessons learnt regarding complementarity and division of labour.

4. Interested stakeholders are invited to develop this issue in a participatory way towards Accra. To facilitate this, representatives from partner countries and donors are invited to join a work stream, operating under the Working Party on Aid Effectiveness. The work stream should be operational and output oriented, membership should reflect a balance of perspectives across all relevant constituencies:

- Partner Countries;
- Donor Countries;
- Multilateral Donors
- Global Programs/Funds/Private Stakeholders

5. In particular the work stream is going to:

- Prepare, in consultation with the WP-EFF, draft principles on complementarity and rationalized aid delivery to become part of the Accra Agenda for Action;
• Prepare, in consultation with the WP-EFF, inputs for the envisaged regional preparatory events, broadening the participation and ownership of partner countries in the process leading to enhanced complementarity;

• Prepare Good Practices for the presentation at the Market Place for Ideas;

• Prepare, in consultation with the Steering Committee and the WP-EFF, inputs for related Round Table discussions.

**Timelines:**

6. A first informal “planning session meeting” is intended to take place back to back with the next meeting of the Working Party on 26. November 2007. The Working Party will be informed on preliminary results of this first informal meeting.

7. Early outputs will be ready by March 2008 to be taken into consideration as elements of the Accra Action Agenda. They will be presented to the WP-EFF during the April meeting.
HEALTH AS A TRACER SECTOR

1. The Third High Level Forum will be an important opportunity to consider progress and problems in a sector in which there is a concerted global effort, including from Global Health Partnerships (GHPs) on implementing the Paris Declaration, on changing behavior and delivering better development results. Results in health are central to sustainable progress in development as health accounts for three out of eight of the MDGs and progress in health outcomes - which remains too slow- is at the core of poverty reduction. In December 2006, participants to a meeting on aid effectiveness in health in OECD endorsed the proposition that health should be a “tracer” sector in monitoring the implementation of the Paris Declaration. Various seminars have brought out a number of ways in which health serves as an important tracer sector: scaling-up for better results, choosing among multiple aid instruments, integrating global programmes, strengthening donor accountability and internal incentives, dealing with weak country systems, benefiting from innovative financing and incorporating multi-sector determinants of results/outcomes. It is important to learn from the experience because significant progress in health will provide powerful evidence on what is needed to support the Paris principles and fulfill the Monterrey commitments on financing for development.

- **Examples of efforts to improve aid effectiveness in health** can be found in each of the five pillars of the Paris Declaration: a renewed interest and investment in health systems from all stakeholders and progress in alignment of donor aid within priorities defined by countries, harmonisation and alignment of aid including through reforms for better integration of vertical programmes at country level and for joint and pooled financing; innovation in results-based financing; efforts to strengthen data collection and progress towards compacts for mutual accountability in a number of countries. Several country-level work streams/pilots should produce interesting results.

- The recent creation of the group of global health leaders from eight international organizations and the development of the International Health Partnership as well as related initiatives (Catalytic Initiative to save one million lives, Global Campaign for the MDGs 4 and 5, GAVI HSS) are evidence of interesting and positive attempts to improve the global aid architecture at the sectoral level. By September 2008, it will be possible to illustrate how the Paris principles can better be applied at the global level, contributing to better results at country level.

- **The timeframe below** offers an overview of the ongoing work streams which should feed into the Accra agenda process through its deliverable and modules: (i), the Progress Report; (ii) roundtables; (iii), the Ministerial meeting and the drafting of an Accra Agenda for Action, and (iv) the marketplace.

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9 For instance: the seminar on Aid Architecture and Health which took place at the World Bank on 19 October, 2007, as a part of the seminar series at the Annual Meetings of the World Bank and IMF; the Meeting on Global Health and the Role of the UN sponsored by the US Council on Foreign Relations and attended by the UN Secretary-General on 25 October 2007; and the DAC workshop in Dublin held on 26-27 April 2007.

10 Consensus was reached on five roundtables: (i) democratic ownership, capacities and national leadership; (ii) use, support and improvement of country systems; (iii) rationalization of donor practices in country; (iv) management for results and mutual accountability; (v) the role of civil society organisations in advancing Aid effectiveness. There is discussion on the best format to present/discuss other items, including health as a “tracer” sector and integration of Global Programs in country activities (2-page note provided separately).
Deliverable | Illustrating the Paris Declaration | Lead | Timeframe
---|---|---|---
1. Consultancy on constraints for long term health aid (8 donor Agencies, including multi and bilateral and GHPs) | Predictability and sustainability | WHO | First quarter of 2008
2. 2 countries studies on scaling-up (similar as existing studies on Rwanda, Ethiopia & Cambodia) | All five principles (focus on ownership, alignment and C&H) | World Bank (HNP +regions)/ + countries and development partners | End of Second quarter of 2008
3. Analysis of Health ODA | Based on CRS, detailed statistical analysis of trends in health ODA over the last 21 years | WHO | Last Quarter 2007
5. Stocktaking exercise to identify the country experiences in the development of agreements on mutual accountability committing all partners to results-oriented and sound national health plans | All principles. Strong focus should be placed on ownership | MoH, MoF with IHP+ & development partners in countries and regions including Harmonisation for Health in Africa (HHA) | Stocktaking exercise in first quarter of 2008
6. Development of a set of indicators for health, building upon the Paris Declaration (PD), existing interagency mechanisms and system metrics to monitor aid effectiveness in health | Managing for results in health | WHO-WB and OECD DAC | Spring 2008
7. UNAIDS Report on lessons learned in implementing the Three Ones and using the CHAT to support country ownership | Coordination and harmonisation, ownership, | UNAIDS | End of December 2007
8. Learning and adaptations from Global Health Programs in response to the PD | All five principles | Global Learning Group coordinated by the GFTAM | Spring 2008

**OUTPUT FOR ACCRA**

REPORT on “progress and remaining challenges for better aid effectiveness in health at country and global levels”

2. The Report on “Progress and remaining challenges for better aid effectiveness in health at country and global levels” will bring into a comprehensive framework the progress achieved, focusing on five inputs:

- Country Compacts for scaling-up for better health (2-3 should be ready by September 2008)
- A set of indicators to monitor better aid effectiveness in health
- Lessons learned from implementing the “Three Ones” and developing the CHAT
- One report and recommendations regarding donors constraints to provide long term health aid
- Lessons learned from implementing aid effectiveness principles for GHPs at country level

**TIMETABLE**

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<tr>
<td>Agreement on the inputs and process to Accra. Start drafting the concept note</td>
<td>Report drafting based on progress in each of the work streams</td>
<td>First draft discussed in meeting(s) to be organised in OECD</td>
<td>Presentation of final report</td>
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GLOBAL PROGRAMMES

Proposal

1. **Global programs have become an important part of the aid network and a case study for implementation of all five Paris Declaration principles.** There are strong incentives (visibility, responding to new priorities) for the donor community to create new global programs as part of their scaling up development aid. Global programs show the challenges and added value in applying the full set of Paris principles, including the new and cross-cutting principles of “Managing by Results” alongside harmonization and alignment. However, there are important questions about how these programs integrate and work at the country level, which provide general lessons for putting the principles of the Paris Declaration into practice.

- What have been the challenges and value of global programs applying the Paris Declaration, their strengths and weaknesses, possible adaptations and implications for their operations?
- How do partner countries view global programs? Are these programs’ global objectives aligned with country-owned priorities? Does country capacity play a role in ensuring alignment, and how can alignment improve?
- What have we learned from experience with global programs in health, environment, and primary education which have stressed different Paris principles -- are these lessons relevant to new initiatives for programs in other areas, for example climate change?
- How can global programs themselves, the donor community, and countries work together to achieve the greatest development impact?

2. **A discussion is proposed in Accra to explore these questions.** This would be based on two years of work led by the World Bank and by a Learning Group of Global Programs, coordinated with the OECD-DAC DCD, with involvement by a range of developing countries, donors, civil society, international organizations, and think tanks. The discussion, possibly in the form of a Round Table, would reflect full ownership, including government and civil society and would culminate in a presentation of good practices for the development community on how to collectively apply the Paris Principles to better manage aid effectiveness and results around global programs. These good practices could be referenced in the Accra Action Agenda.

Background

3. **Global programs are recognized in the Paris Declaration as an area requiring further study.** The Paris Declaration stated: “We commit ourselves to taking concrete and effective action to address the remaining challenges…(including)... Insufficient integration of global programmes and initiatives into partner countries’ broader development agendas, including in critical areas such as HIV/AIDS.”

4. **It is widely understood that global programs have an important role to play, and in many aspects, pose the same aid effectiveness challenges as for other donor programs.** Still, clear guidance is needed on how to collectively apply the principles of the Paris Declaration at country level. This may include guidance on when a new specialized fund is the most effective instrument for tackling a development challenge. The most important issues on integration emerge where global programs finance a substantial share of sectoral budgets in low-income, aid-dependent countries with limited capacity for managing donors, and where programs and partners do not manage by results.
5. **There has been a good deal of learning by the global programs themselves as well as by partner and donor countries, in applying the Paris principles.** The discussion would focus on the critical second learning stage of adapting to the Paris baselines, and the strengths and weaknesses revealed by global programs in health, education and the environment. The objective is to exchange good practice and affect behavior of all concerned parties, so as to contribute to increasing the development effectiveness of global programs as the volume of their financing increases towards 2010 targets. There are some striking recent examples of innovations by global programs in health and education of applying the two new, cross-cutting Paris principles of “Managing by Results” and “Mutual Accountability”, as well as financing of sectoral programs, as well as in obtaining substantially longer-term and more sustainable financing. It would also be useful at the discussion in Accra to consider implementation issues that arise, including how to keep the focus on country ownership while taking account of lessons of international experience. In this connection, the emphasis of global programs on well-monitored results and on the role of civil society and the private sector can be drawn on by partner countries and the local donor teams supporting them to better apply and manage the package and tensions of all five Paris Principles.

6. **It is also important to engage donors to build in principles of the Paris Declaration into their decision-making process when establishing new global programs.** Critical areas include the governance and funding approach. The discussion in Accra would refer to the proposed good practices on integrating Global programs at country level.

7. **Preparation of the discussion would be informed by several work streams:**

   - Work by the World Bank, including a Workshop (Spring 2008) and report synthesizing a set of country consultations coordinated by the World Bank on the perspective of partner countries (ongoing) and donors (completed) on integration of Global programs at country level. This could incorporate lessons learned about Global programs in the health sector, coordination specifically on HIV/AIDS, and other reports done, including:
     - Consultations in approximately five African countries (ongoing through January 2008); template available.
     - Conclusions of June 2007 Mauritius Workshop on “Enhancing Linkages Between Aid Modalities and Country Strategies: The Views of Partner Countries”
     - Recent conclusions and reports: including December 2006 OECD Global Forum Policy Workshop on “Global Programs and the Paris Agenda”; November 2006 Synthesis Report on “Integrating Global Partnership Programs with Country-Led National Programs” and “DRAFT Good Practice Guidance for Integration and Effectiveness of Global Programs at the Country Level” as well as work undertaken by other institutions and on topics such as health, HIV/AIDS, and “vertical funds.”

   - Work by a “Learning Group of Global programs” coordinated by the Global Fund that focuses on applying all five Paris principles, strengths and weaknesses, and lessons including adaptations to their strategies and policies. This brings out the key challenges in measuring the Paris principles, the tensions in applying them as a package in different sectors, and the critical second stage of adapting to the findings to improve aid effectiveness to 2010. This work is also informed by work streams being undertaken of several of the global programs. This will be based on:
     - Participation and baseline measurement of the Paris for Global programs
     - Learning group summary report on strengths and weaknesses
     - Three “Global program Learning Group” meetings on sharing best practice and adapting strategies among programs and partners to the Paris Agenda
Adaptations and responses to country cases and issues raised to improve aid effectiveness of Global Programs

Major external evaluations of Global Programs, including country level partnerships

| OUTPUT FOR ACCRA | The work coordinated by the World Bank and the Learning Group of Global Programs will be summarized in a short integrated report. This note would also include a discussion of good practices. |
| TIMETABLE        | June 2007 - January 2008: Country consultations (approximately 5), Learning Group meetings and studies, external evaluations  
                    March-April 2008: Synthesis Report and Workshop  
                    June 2008: Integrated note for Accra |
NON-DAC PROVIDERS OF DEVELOPMENT ASSISTANCE

{Draft concept note to be confirmed by the working group when it is established in end November 2007}

1. Context & Main Objective:

1. Non-DAC providers of development assistance\(^{11}\) not only bring additional financial resources, but also valuable experiences and knowledge. Their recent, or continuing, experience as recipient countries places them in a strong position to become effective donors as they have first-hand understanding of the importance of national ownership, donor co-ordination and other important principles of aid effectiveness. Others can share diverse tools and modalities used to improve the quality and effectiveness of aid.

2. Whilst it is encouraging that many non-DAC providers of development assistance are adherents to the Paris Declaration on Aid Effectiveness\(^{12}\), they have been less engaged in shaping the discussions so far. Not adequately reflecting their perspectives means that critical pieces are missing from the global aid picture.

3. Thus, the main objective of this working group is two-fold:
   - Engage non-DAC providers of development assistance in the broader discussion of aid effectiveness, and improve understanding of the applicability and limitations of the Paris Declaration for addressing issues aid effectiveness of importance to non-DAC providers of development assistance; and
   - Foster mutual learning between non-DAC providers of development assistance and other partners through sharing experiences on modalities aligned to aid effectiveness principles practiced by non-DAC providers of development assistance (for example, trilateral cooperation, south-south cooperation), and building capacities for aid effectiveness through participation in peer reviews and other activities.

Membership:

4. The Working Group will be established as an outcome of the Special Session on WP-EFF and Non-DAC providers of Development Assistance on 27 November 2007. Accordingly, the chair(s) and members of this group are not confirmed. The group shall have balanced representation from non-DAC providers of development assistance, partner countries and DAC donors.

Relation to Other Work:

   - Study on technical cooperation: Suggest to look into south-south cooperation and trilateral cooperation issues;

\(^{11}\) Whilst the terminology over this heterogeneous group is disputed, the “Non-DAC providers of development assistance” used in this context include non-DAC OECD members, major emerging and transition economies (Brazil, Russia, India, China and South Africa), Arab region donors, non-OECD EU members countries from South East Asia and Latin America.

\(^{12}\) Adherents to the Paris Declaration include: Czech Republic, Iceland, Korea, Mexico, Poland, Slovak Republic, Turkey, Brazil (not yet confirmed), China, India, Israel, Indonesia, Russia, South Africa and Malaysia.
• Capacity Development: Two suggestions: 1) related to the above, look into how the modalities of technical cooperation contribute to capacity development and; 2) how to build capacity of non-DAC providers of development assistance to manage aid more effectively.

• Division of Labor: Suggest looking at how the non-DAC providers of development assistance contribute to complementarily at the country level.

• JV Monitoring the Paris Declaration: Encourage participation of non-DAC providers of development assistance to the 2008 Survey on Monitoring the Paris Declaration

2. Process & Planned Outputs

5. Detailed processes and planned outputs will be determined by the working group by end of 2007. On-going and planned activities include:

• **Consultancy work and Research Report** (funded by Japan) of the study of aid practices and perspectives on aid effectiveness by emerging and transition economies (BRICS – Brazil, Russia, India, China and South Africa) to inform the WP-EFF on the perspectives and practices of aid effectiveness by these countries;

• **WP-EFF Special Session with non-DAC providers of Development Assistance** to initiate a dialogue between non-DAC providers of development assistance, partner countries and other DAC donors to discuss the principles of aid effectiveness;

• **Participation in on-going dialogue and activities** to increase awareness and interest on aid effectiveness issues. For example, participation in the DAC Senior Level meeting, regional consultations, 2008 monitoring survey, peer reviews etc; and

• Other research request as required.

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<tbody>
<tr>
<td>First draft of BRICS study prepared.</td>
<td>Working Group agrees on the main outputs for the Accra meeting.</td>
<td>Working Group meetings (tbc)</td>
<td></td>
</tr>
<tr>
<td>27 November Special Session with non-DAC providers of Development Assistance takes place with the aim to identify key issues on aid effectiveness from their perspectives.</td>
<td>Final draft of BRICS study, drawing implications and recommendation on how non-DAC can contribute to the HLF 3 process</td>
<td>Participation in regional consultations (tbc)</td>
<td></td>
</tr>
<tr>
<td>Establishment of the Working Group.</td>
<td>DAC Senior Level Meeting discussion with non-DAC members and BRICS, including topic on the Emerging Accra Action Agenda.</td>
<td>Research study on aid effectiveness and non-DAC providers of development assistance (tbc)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consolidation of key principles of aid effectiveness for non-DAC providers of development assistance.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participation on non-DAC providers of development assistance in the 2008 Monitoring Survey.</td>
<td></td>
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</tbody>
</table>
3. **How the work will inform the HLF 3, its preparation and outcome**

- The Accra HLF 3 provides an opportunity to bring non-DAC providers of development assistance more actively into the dialogue on aid effectiveness, and development effectiveness in general.

- The preparations and outcomes of the HLF 3 provides an opportunity to recognize the growing role of non-DAC providers of development assistance in the global architecture and help identify a set of aid effectiveness principles of importance for non-DAC providers of development assistance in development.
PART 3:

CONTRIBUTIONS FROM THE OECD-DAC NETWORKS AND THEIR RESPECTIVE TASK TEAMS.

- Statistics (+ 2 annexes)
- Fragile States – CPDC
- Govnet
- Gendernet + annex
- Environet
- Summary from the Dublin workshop on cross cutting issues (april 2007)
- Povnet
- Untying aid
- Aid for trade
- OECD global forum on development
STATISTICS

1. From the area of statistics, aid allocations and results, there are three on-going work streams which will provide inputs to Accra:

1. **Work on disaggregating and improving technical co-operation (TC) data.** As described in the attached sheet (Annex 1), this work has been going on for some time, but is now part of a wider effort by the DAC Working Party on Statistics (WP-STAT) to revise the type of aid classification. A new classification is currently being tested with members, and there should be further progress to report in the course of 2008.

2. **Fragmentation and predictability of aid.** This arises from the current donor survey on scaling up and predictability of aid. The DAC are holding technical meetings on aid allocation on a regular basis, and a Policy Workshop of the OECD Global Forum on Development addressing division of labour and predictability will take place on the eve of the DAC Senior Level Meeting in December 2007. Main planned outputs are:
   - A compendium of donor practices on forward planning of aid expenditures, ready by December 2007. Practically all bilateral donors and major multilateral donors have either provided or cleared statements concerning their aid allocation policies. The compendium will both present donor statements as individual sheets, and provide an analytical summary according to various parameters such as the level of specificity of future aid allocations by country/sector, their timeframes and approval procedures.
   - A paper on geographical fragmentation and concentration on aid, to inform further work on cross-country division of labour and improved information for aid allocation decisions.
   - Broad indications, based on the 2007 survey results and projections, on a medium term scenario for total aid for each recipient country to improve predictability of aid.

3. **Results at a Glance.** This is an exercise to draw together data from a variety of sources so as to illustrate the links between resources, processes and results at individual partner country level. A description of the results template is attached (Annex 2), which describes the role such a template could play in avoiding a proliferation of donor attempts to measure by results, which could further undermine local capacity. The template was presented at the Hanoi Roundtable and to the JV-MfDR, where it received favourable comments, but so far no concrete actions to pursue it. It is planned to work with UNDP and the Development Gateway Foundation to develop a working example for Tanzania by the time of Accra.
   - The Tanzania Results at a Glance presentation would be useful in the Marketplace and Management for Development Results segments at Accra.
Annex 1: TC disaggregation study - Summary of results

Work on disaggregating and improving technical co-operation (TC) data started in 2005 with an examination of current statistical reporting. The table below shows that progress was made in assigning TC expenditures to more specific categories, but that a large segment of “TC projects/programmes” could not be more closely specified. The WP-STAT is now addressing this problem within a general review of the type of aid classification. A new classification is currently being tested with members, and there should be further progress to report during 2008.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>Amounts committed in 2003 (USD bn)</th>
<th>Share in total reported FTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Projects/programmes. (specific activities agreed with the partner country i.e. funding agreement specifies objectives/outputs and defines how money will be spent).</td>
<td>12.1</td>
<td>58%</td>
</tr>
<tr>
<td>• Institution building, capacity building, including “project-type TC” that may include one or more of the other categories.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Includes also project-cycle management and studies of various kinds (feasibility studies, appraisals, evaluations, situation analyses) whether designed as part of projects/programmes or separate funding arrangements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Cash transfers to finance FTC activities (exact allocation of funds unknown at commitment stage)</td>
<td>1.8</td>
<td>9%</td>
</tr>
<tr>
<td>• Earmarked grants to multilateral organisations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Core contributions to NGOs and research institutes (scientific co-operation; university co-operation).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Exchange schemes</td>
<td>3.1</td>
<td>15%</td>
</tr>
<tr>
<td>• Donor personnel programmes (teachers, volunteers, Junior Professional Officers) when financed as stand-alone arrangements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Scholarships or training in donor countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Imputed students costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Small-scale knowledge sharing for developing country nationals</td>
<td>1.1</td>
<td>5%</td>
</tr>
<tr>
<td>• Local scholarships funds, support for south-south study arrangements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Conferences and workshops for participants from developing countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• In-country training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Includes also development-oriented cultural programmes including language training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unknown (not categorised)</td>
<td>2.7</td>
<td>13%</td>
</tr>
<tr>
<td>TOTAL Free-standing technical co-operation (FTC)</td>
<td>20.8</td>
<td>100%</td>
</tr>
</tbody>
</table>

Memo: Total bilateral ODA | 78.1 |
Annex 2: A template for common reporting on results

Issue: Countries and donors seek to show development results from their programmes. Different approaches are being taken, even in the same country, to meet overlapping reporting requirements of donors. This can undermine capacity and confuse messages.

Solution: A template owned by the country and used with all its donors to report in a common format on shared objectives. The template can be tuned to fit particular country circumstances, national goals and intermediate indicators. The summary sheet can be linked to more detailed sectoral or sub-national sheets as required. In line with the Paris Declaration, such a template could serve as a major plank of mutual accountability and results reporting, in a move from a focus on inputs to a focus on results.

The template provides an Overview of Results on a page, covering:

- Outcomes/results—key MDG indicators for poverty, education, health and environment
- Intermediate outputs—pupil/teacher ratio, child immunisation, etc.—that are measured more frequently than outcomes
- Inputs/resources—resources by sector from the national budget —external resources from bilateral and multilateral donors
- Aid Effectiveness—using the Paris Declaration indicators to show how effectively aid is being delivered
- Resources at a glance—aid (top ten donors and by sector), FDI, remittances, population, GNI, growth, trade, public expenditure

Notes: The template draws on published sources where possible. It is designed to be customised to local circumstances.

- The outcomes could be a country’s own development goals in place of the Millennium Development Goals.
- The intermediate output indicators need to be selected and agreed in relation to the outcomes to which they contribute.
- The budget figures will often need to be refined to include more detail on the sector distribution of spending if possible.
- The external resource flows are as measured by the OECD-DAC and include most bilateral and multilateral donors. But they could usefully be supplemented by sectoral level detail from donors not reporting to OECD-DAC.
- The Paris Declaration indicators were published in September 2007 (www.oecd.org/dac/effectiveness/monitoring).
- The Resources at a Glance are designed to give a quick appreciation of key statistics for Vietnam and can easily be tailored to those considered the most relevant.

To find out more please contact Brian Hammond (brian.hammond@oecd.org).
FRAGILE STATES GROUP (FSG) AND CONFLICT PEACE AND DEVELOPMENT CO-OPERATION (CPDC)

1. Since the Paris Declaration was signed, the FSG has fine tuned, finalised and begun implementation of the Principles for Good International Engagement in Fragile States and Situations [DCD/DAC(2007)29]. This process has involved testing the Principles in nine pilot countries, taking on board suggestions from across the DAC groups, culminating in Ministerial endorsement in April of this year. The Principles are integral to the Paris Declaration—in paragraphs 7, 37, 38 and 39—and help support the key themes—ownership, harmonisation, alignment, managing for results and mutual accountability. Whilst the Paris agenda applies to all countries, situations characterised by the threat of violence, societal divisions, and fragmented national authorities with weak legitimacy, capacity and accountability, all require donors to adapt their standard approaches and instruments.

2. The CPDC is firmly focused on tackling the negative effects of conflict and instability on aid effectiveness, poverty reduction and growth. With the costs of conflict in mind—some $64 billion per conflict on average—and the fact that violence and insecurity can wipe out the potential gains from aid and development, the CPDC is working to ensure that DAC donors prioritise conflict prevention. Our work (e.g. Preventing Violent Conflict, 2004) offers guidance on how to take conflict sensitive approaches to aid programme design and management.

3. Taken together, the issues of fragility and conflict pose a range of challenges to the standard partnership model: Government leadership to coordinate donor inputs is generally weak, nationally-owned development strategies may not exist and administrative systems are often dysfunctional. These factors hinder alignment with locally defined objectives and the use of country systems. In addition, many situations of conflict and fragility require the engagement of a wide range of development and non-development actors, further complicating the challenge of harmonisation.

Current FSG priorities (FSG Task Teams exist on the Principles, Whole-of-Government Approaches and State-Building)

- **Implementation of the Principles.** Current work includes the development of a diagnostic tool to test progress at the country level against the Principles, which is an integral component of DAC Peer Reviews in 2007/8.

- **Whole-of-Government Approaches and Harmonisation.** A series of meetings is planned in 2008 on Diplomacy & Development, Integrated Planning, Security System Reform (see below for more on this priority issue), and Public Financial Management. The recommendations from these working level meetings may feed into a Senior Officials Meeting proposed for 2008.

- **Resource Flows to Fragile States.** Monitoring of resources to fragile states and to build awareness of ‘aid orphans’—those countries marginalised from international attention- will be continued. In 2007, we have taken our analysis beyond aid to consider other resource flows such as those for peace keeping operations and from non-DAC donors. The draft 2007 report is available and will be finalized in November.

- **Guidance on State building.** Pilot work in nine countries showed that advice for donors on this topic is a priority. Issues include how to sequence and prioritise external interventions aimed at supporting core state functions and improved state-society relations. A major consultation meeting with partner countries in cooperation with the Africa Union and the African
Development Bank is planned to take place in mid 2008 prior to Accra so that key messages can be fed in.

Current CPDC priorities (CPDC Task Teams exist on Security and Development, Evaluation and Training)

- **Security System Reform (SSR).** Work over the last five years is now paying off in terms of behavioural change at two levels. The OECD DAC SSR Handbook is now the single international reference point for SSR and has underpinned UN, EU-wide and AU SSR policy. At the field level, the DAC’s SSR governance objectives are proving to be a unifying force for harmonized approaches across policy communities. An intensive training component to support this work is underway in capitals and soon at the field level—part of a broader CPDC training effort to mainstream conflict prevention into donor programming. The focus is now on facilitating implementation—by September 2008 we will have recorded evidence of impact at the country level which can be fed into Accra.

- **Armed Violence Reduction.** To complement this work CPDC is preparing guidelines on Armed Violence Reduction, which emphasises how armed violence can put a brake on the effective use of aid and development itself. A draft will be ready by mid 2008.

- **Evaluating Conflict Prevention and Peace-building activities.** In collaboration with the EVALUNET, the CPDC is in the process of developing guidance on evaluating conflict prevention and peace-building activities. This work is an important building block in shaping the international debate about setting objectives for peace and stability—see below. The guidance will be tested in the coming year in a number of partner countries, and findings will be collated prior to Accra. In further developing conflict prevention tools, the CPDC and FSR are in the process of mapping early warning mechanisms in order to advise on how the link between early warning and early responses can be improved.

4. By September 2008 a significant body of experience and evidence will be available under two main headings.

- **Aid Effectiveness in Fragile and Conflict Situations.** A synthesis of lessons from the work streams mentioned above, from the planned evaluation of aid effectiveness in fragile states undertaken by the EVALUNET, and from other sources will be prepared. This could form a significant contribution to the HLF-3 Progress Report.

- **Development Effectiveness in Fragile and Conflict Situations.** It is the underlying assumption of the Paris Declaration that improved aid effectiveness will in turn improve development outcomes as measured by progress towards the MDGs. Although this is a central concern in fragile and conflict situations—where a third of the world’s poor live—there are other important intermediate objectives which are the pre-requisites to poverty reduction and progress against the MDGs in the longer term. Security, peace, stability, and the establishment of basic state functions may be the most pressing objectives against which to measure progress in some fragile situations. CPDC work on setting an evaluation framework for conflict prevention and peace-building activities is already offering important insights. A clear commitment to setting international goals and objectives in fragile situations was expressed by Ministers in April 2007 [DCD/DAC(2007)29]. An initial report on this topic is being commissioned and will be ready by January 2008 and the findings will be available for the Accra meeting.
5. **A Roundtable on Aid Effectiveness in Situations of Fragility and Conflict** would engage with partner countries in:

- Reinforcing the applicability of the Paris Declaration, including its specific provision on fragile states, in the most fragile and conflict-affected environments.

- Tracking progress made on aid and development effectiveness in the most challenging development environments.

- Tracking commitments made by the DAC on operationalising the Principles in Fragile Situations and DAC commitments on SSR.

- Building consensus towards defining a set of international objectives and progress indicators on peace-building, conflict prevention and state building, in order to monitor and improve development effectiveness and donor impact in fragile and conflict situations.

6. It may be too early to say what issues will feature in the ‘AAA’ statement but the “Policy Commitment to improve development effectiveness in fragile states” endorsed by the DAC Development Ministers and Heads of Agencies in April 2007 will need close examination. The need for common international objectives centered on the restoration of security, peace and stability could also feature.
GOVNET

The GOVNET’s work currently focuses on the key democratic governance issues of human rights, transparency, accountability, participation and equality. The mandate of the GOVNET is to provide a resource for the DAC and its subsidiary bodies, offering a perspective on the interface between states and citizens with national political processes at the centre. This perspective underpins the principles of the Paris Declaration, particularly the issues of ownership, harmonization and mutual accountability. The GOVNET’s task teams (anti-corruption, human rights, taxation and accountability, and governance assessments) offer different insights into the Paris agenda which can help with its implementation.

1. **Context, objectives and planned outputs of relevant work streams**

1. **ANTI-CORRUPTION:** This Task Team is composed of governance and anti-corruption policy analysts. Its *Principles for Donor Action in Anti-Corruption* and a *Policy Paper on Anti-Corruption* place the principles of ownership, harmonisation and mutual accountability at the centre of donors’ collective action agenda. At the 2007 DAC HLM, Ministers commissioned the development of “common response principles” to encourage more harmonised and consistent responses to corruption. Donor groups in seven countries are helping to shape these principles into a voluntary code of conduct. A *final report* will be available in December 2007. Joint harmonised responses should be piloted in 1-2 partner countries (tbd) in the first half of 2008. *Case Studies* will be available by June 2008.

2. **HUMAN RIGHTS:** Work on human rights and aid effectiveness is led by the Human Rights Task Team (co-chaired by the World Bank and CIDA). It is in response to a specific commitment of the DAC to harness the potential for the international human rights framework and the Paris Declaration to reinforce and benefit from each other (see *DAC Action-oriented Policy Paper on Human Rights and Development*, Feb. 2007). Among the preliminary outputs is a series of *case studies* on the potential for synergies following from the April 2007 *Dublin Workshop* on “Development Effectiveness in Practice”. Current work includes a *study* that substantiates inter-linkages through concrete examples from the field of how human rights help deliver aid effectiveness objectives in the health sector (due in April 2008), as well as input into the Paris Declaration evaluation.

3. **GOVERNANCE ASSESSMENTS:** This initiative takes forward the GOVNET’s political economy analysis work begun in 2004. A Steering Group composed of practitioners involved in the design and implementation of governance assessments guides this work. Main objectives are (i) to identify operational guidance to improve donor harmonisation and dialogue in conducting assessments, (ii) to get agreement on assessments as a foundation of JAS, (iii) to use assessments to respond jointly to governance situations and (iv) to look into how assessments impact (and might undermine) partners’ domestic accountability. Key outputs will be a *survey*, a *sourcebook* and *Principles on donor harmonisation* (to be finalised by May 2008). Work will be tested and reinforced in an international conference in London on 21-22 February 2008.

4. **TAXATION AND ACCOUNTABILITY:** The Taxation Task Team brings governance and taxation specialists together to look at donors’ support to domestic resource mobilisation as a key pillar of accountability. The GOVNET has developed a *Policy Paper on Taxation and Governance* (October 2007) the core messages of which echo elements of the aid effectiveness agenda very strongly. In particular, it emphasizes that tax is at the heart of the process of state building and creates opportunities for
state-citizen bargaining and enhanced ownership of the political process. Key recommendations for donors include the need for more collective and harmonised support to tax reform. A report indicating how aid can dampen or promote domestic resource mobilisation will be available by mid-2008.

2 Possible contributions to Accra

5. The following are EXAMPLES of work (case studies, principles etc.) and related discussion topics that could be relevant for the proposed roundtables.

Democratic ownership, capacities and national leadership

- How to foster broad based national ownership and hence national democratic processes, through political economy analysis, how to understand the opportunities and constraints.

- Governance assessments can give further guidance on entry points for donors to support processes of change towards more accountable, effective and legitimate governance that are locally owned.

- The work on taxation and accountability highlights the risk that aid dependency may dampen domestic resource mobilisation and thus accountability in partner countries. By putting emphasis on taxation and its link to better governance, greater ownership and enhanced accountability relations can be achieved between the state and its citizens.

- The key principle of ownership can be strengthened by using the human rights principles of non-discrimination and meaningful participation – including the poor and the most vulnerable groups – in the definition of national priorities, to enrich policy-making and planning processes and to ensure that policies and programmes have maximum relevance.

Harmonisation

- The Principles for Governance Assessment Harmonization can be used as an example of donor guidance aimed at enhancing coordination and participation and as a way to avoid undermining partners’ domestic accountability.

- Joint approaches to anti-corruption (pilots and case studies) illustrate the problems that arise when donors take different approaches and send ‘mixed messages’ to partner countries in deteriorating corruption situations and can propose practical ways of coordinating donor responses in such contexts.

- Case studies illustrate how donor harmonisation can make activities in support of the promotion and protection of human rights collectively more effective.

Managing for results and mutual accountability

- Combining anti-corruption efforts at the level of developing countries with efforts in OECD countries (the “supply side of corruption”) is a critical mutual accountability commitment and an argument in making and sustaining the case for aid in OECD countries.

- Human rights standards can be translated into quantifiable indicators for development outcomes and results at country level. Human rights can also help strengthen accountability at different levels. This includes the importance of specific human rights for the functioning of
accountability mechanisms and the role of specific human rights institutions, including National Human Rights Commissions.

Aid effectiveness in the health sector

- Analyses and tools based on the human rights framework, in particular the right to health, and the application of human rights principles can bring significant benefits to the planning, development and implementation of national health strategies, action plans and budget allocations such that health outcomes are maximised for all people.
GENDERNET

1. The context and the main objectives of the working group or task, as well as its membership and relations with other work.

1. The DAC Network on Gender Equality has two task teams.

- The aid effectiveness task team:
  - Provides information to members on how to use aid effectiveness principles and the partnership commitments of the Paris Declaration to advance work on gender equality and women’s empowerment in partner countries.
  - Contributes to planning for the Accra High Level Forum, with a view to identifying relevant entry points which build on the case studies and discussions at the Dublin workshop on development effectiveness, and
  - Is a clearing-house of information on donor initiatives.\(^{13}\)

- The task team on “new directions” in gender equality and women’s empowerment in development co-operation is aligning with the aid effectiveness task team to produce a “Statement of Collective Intent” to:
  - Assist donors with translating gender equality and women’s empowerment commitments into development results on the ground through implementing the Paris Declaration,
  - Be a contribution to the 3rd HLF on Aid Effectiveness (Accra, 2008), and
  - Assist with evaluations, monitoring and peer review processes.

2. The process (consulting work, country workshops, field missions, etc.), the planned outputs (reports, policy notes, dissemination workshops, etc.) and their timeline.

- Two Issues Briefs have been drafted on using the overarching commitments of the Paris Declaration to advance gender equality and women’s empowerment. One is for gender equality advisors; the other for aid agency programme managers and field-based staff. Each paper has practical country-based examples of good practice. They will be published together with an overview paper which was prepared in 2006 - Paris Declaration commitments and implications for gender equality and women’s empowerment. The set of papers is expected to be available to agencies by early 2008.

- A further Issues Brief on Innovative approaches by donors to funding gender equality and women’s empowerment is also in preparation. This paper has in part been motivated by the widely held view that women’s organisations are finding it more difficult to access donor funding as a direct result of new aid modalities, including the increased use of sectoral and general budget

\(^{13}\) A separate response has been prepared summarising various relevant donor initiatives.
support, coupled with the Paris Declaration’s strong focus on ownership and alignment and its attention to government to government relationships. It is likely to be the focus of a side-event at the 2008 UN Commission on the Status of Women (February/March 2008). It will be completed in the first quarter of 2008.

- The “new directions” Statement of Collective Intent on Gender Equality, Women’s Empowerment and Aid Effectiveness is envisaged as a brief set of principles which will demonstrate the high level of congruence between the Paris Declaration’s commitments and gender equality objectives and strategies. It will be:
  - drafted by mid-January 2008
  - “road-tested” or piloted by members in the first half of 2008
  - an input to the Accra High Level Forum (September 2008), and
  - presented for approval to the 2009 DAC High Level Meeting.

3 How this work could inform the HLF-3, the event itself, its preparation and its outcome.

Whilst achieving gender equality, human rights and environmental sustainability are worthy goals of development in their own right, each is at the same time functionally essential to achieving the overall goal of the Paris Declaration – Richard Carey, Director, DCD at the Dublin workshop, April 2007

2. The Issues Briefs, with the “new directions” Statement, provide practical guidance to donors and partners on how to apply the partnership commitments of the Paris Declaration in work focused on achieving MDG3 - gender equality and women’s empowerment. These papers respond to the renewed commitment to and understanding of the importance of gender equality and women’s empowerment for achieving results and lasting development outcomes. A deeper understanding has recently emerged that, although difficult, it is essential to move beyond political and policy rhetoric to increased investments and significantly improved delivery “on the ground” – making gender equality a reality. This could be elaborated to inform the Accra Action Agenda.

3. Some of the examples of improved donor behaviour and practice are suitable for inclusion in the HLF-3 Progress report. There are some interesting examples of Joint Assistance Strategies (harmonisation) in particular.

4. Specific case studies and examples could be elaborated as triggers for discussion at the proposed roundtables –

- **Democratic ownership, capacities and national leadership** – How donors are supporting development actors in partner countries, including women’s NGOs, who are working to place women’s empowerment and rights higher on political agendas and to ensure that women’s voices and concerns are more influential in development processes such as Poverty Reduction Strategies and Medium Term Development Plans. Zambia provides an interesting case study of national leadership.

- **Using, supporting and improving country systems (alignment and capacity development)** – Demonstrating how mutually agreed commitments such as the MDGs and instruments such as the Convention on the Elimination of all forms of Discrimination against Women (CEDAW) and the Solemn declaration on gender equality in Africa (2004) can be used more effectively in
policy dialogue to align with, strengthen and support national commitments to gender equality and women’s empowerment. There are also well-tested examples of the use of gender-responsive budgeting tools to strengthen public financial management systems by improving the measurement of what is being spent in what sector and on whom.

- **Harmonisation** - Joint Assistance Strategies in Tanzania, Uganda and Zambia have proven to be useful mechanisms for advancing gender equality and women’s empowerment as development priorities. Valuable lessons can be learned from the differing approaches of the JASs to respond to specific country contexts, particularly when so-called “cross-cutting” issues may be squeezed out by the dominant sectoral focus or when both donors and partners find gender equality too difficult to address effectively.

- **Management for results and mutual accountability** - How to include gender equality goals in results-based frameworks and monitor gender differentiated impacts to ensure that aid is reaching those for whom it is intended. How donors are strengthening the capacity to collect, analyse and use sex-disaggregated data. Accra provides an opportunity for a deeper, more open, debate on clarifying and monitoring mutual accountability (i.e. the respective roles and responsibilities) of both national stakeholders and donor agencies for achieving gender equality and women’s empowerment objectives.

- **Role of civil society** – there are innovative examples of how governments and donors support and fund women’s organisations and movements which are active in increasing women’s voice and participation.

5. The GENDERNET is also ready to contribute to case studies for inclusion in other possible roundtables including one focused on: *Achieving development results and impacts in gender equality, women’s empowerment, human rights and environmental sustainability through the implementation of the partnership commitments of the Paris Declaration*. Note that in January the GENDERNET will be hosting a workshop with the UN’s Interagency Network on Women and Gender Equality on *Enhancing partnerships between multilateral and bilateral agencies to support partner country efforts to achieve gender equality and women’s empowerment*. This will identify examples of partnerships.

6. GENDERNET members regard the Accra HLF as an important opportunity to ensure that gender equality objectives and women’s empowerment are cornerstones of development and aid effectiveness. However, the HLF is only one step on a long journey.
Annex: How GENDERNET members are using the partnership commitments of the Paris Declaration to advance gender equality and women’s empowerment

1 The context and the main objectives of the working group or task, as well as its membership and relations with other work.

Recognising the high level of congruence between the Paris Declaration’s commitments and gender equality objectives and strategies, the Network acts as a clearing-house for sharing information about donor initiatives focused on using the Declaration to advance gender equality and women’s empowerment. Members have focused on improving joint work at partner country level by:

- Gathering the evidence base.
- Sharing good practice, and
- Strengthening the development impact of the Paris Declaration.

This response lists relevant activities which members are working on and complements the response on the specific outputs and activities of the Network. These efforts supplement the case studies and themes from the Workshop on development effectiveness in practice – applying the Paris Declaration to advancing gender equality, environmental sustainability and human rights (Dublin, April 2007). The progress and findings of the different workstreams will be presented at a joint workshop of Nordic+ and the DAC Network on Gender Equality which is scheduled for March 2008 in London. (Lead: United Kingdom)

2 The process (consulting work, country workshops, field missions, etc.), the planned outputs (reports, policy notes, dissemination workshops, etc.) and their timeline.

Strengthening the poverty impact of the Paris declaration - aid effectiveness evidence gathering project on gender equality, human rights and social exclusion (led by the United Kingdom, in collaboration with Ireland, Denmark and the Netherlands). The project uses country case studies to identify good practice and practical examples to improve the inclusion of social equity issues in the implementation of the aid effectiveness agenda. A workshop is planned for March 2008 to disseminate the findings and develop joint influencing messages with other donors.

**Time frame:** The current stage of the project is due for completion by the end of August 2008.

*EC/UN Partnership on gender equality for development and peace* (European Commission, UNIFEM and ILO). The joint programme will identify practical approaches to further gender equality through new aid modalities. It will also focus on engaging women in conflict prevention and peace-building efforts. With a total budget of €4.7 million, it covers 12 countries: Cameroon, Democratic Republic of the Congo, Ghana, Ethiopia, Indonesia, Nepal, Papua New Guinea, Honduras, Nicaragua, Suriname, Kyrgyzstan and Ukraine.

**Time frame:** 2007-09

Exploring how the policy priority areas of gender equality, environmental sustainability, human rights and HIV/AIDS (cross cutting issues) are addressed in Joint Assistance Strategies - a desk study of existing JASs and division of labour exercises (Ireland). The intended outcomes are to improve partner country and harmonised donor efforts to achieve good development results for women and men.
**Time frame:** October – November 2007

*A tool for assessing the application of human rights and gender aspects in the health sector SWAps* – making the linkages between national commitments, human rights treaties and conventions, gender equality and aid effectiveness (Sida and WHO). The tool will be used to introduce human rights standards and principles, including gender equality, into SWAps through the national Sector Programme Support dialogue. This is a potential model for how to integrate other policy priority issues into national sectoral programmes. The tool will be tested in Uganda and Zambia.

**Time frame:** September 2007 - January 2008; final product by April 2008

*Mainstreaming women’s economic empowerment and environmental sustainability* – a partnership to support the World Bank’s Gender Action Plan, aimed at improving mainstreaming of gender equality and environmental sustainability in joint programmes at country level. (Sweden, with the World Bank and partner countries in Southern Africa). The programme includes a rights dimension focussed on access to resources. The programme will develop concrete methods for improving quality of results and mutual accountability.

**Time frame:** First phase to be finalised in January 2009

*Gender accountability - how services fail poor women* - a desk study on how to ensure that both women and men have equal access to and control over resources and services (Netherlands). Using case studies, it offers methods and guidelines to strengthen gender accountability. It concludes that existing tools and training are not enough to achieve development results. Women’s organisations, other civil society organisations and donors have important roles in holding governments to account for implementing their national and international commitments to gender equality and women’s empowerment.

**Time frame:** The first draft has been finalised. Publication is due end 2007/beginning 2008

*Gender responsive budgeting – a test case* - a desk and country case based study on gender equality and budget support (Denmark). The study examines gender responsive budgeting as an instrument for promoting gender equality objectives in budget support processes. The intended outcome at partner country level is to more effectively use public financial management processes, including national budgets, to address gender equality and to jointly build the necessary capacity (paras. 25-27 of the Paris Declaration).

**Time frame:** to be finalised in March 2008

*Concept note on gender equality, poverty reduction and budget support (Finland in lead for Nordic +)*. The objective is to examine how direct budget support can be used to promote action on gender equality in the changing aid modalities and partnerships. Using gender-responsive poverty analysis, it identifies entry points for action and advocacy for its target audience in the foreign ministries of Nordic plus countries and their missions.

**Time frame:** to be finalised by December 2007.

3 How this work could inform the HLF-3, the event itself, its preparation and its outcome.

Findings and cases in several of these work streams are available for inclusion in the progress report for the Accra HLF. They will also provide a rich source of ideas for the Accra roundtables. The research led by DFID and the joint work by UNIFEM, the EC and the ILO may well be suitable as separate side-events.
Please also refer to the response from the GENDERNET which details potential contributions to the proposed roundtables.

Members have identified opportunities to strengthen and deepen the effectiveness of aid by:

- Increasing broad based and inclusive country ownership to ensure that women’s voices are heard and gender inequalities are addressed through PRSs and JASs; and, by increasing capacity for gender analysis and planning; and, using human rights treaties and conventions to strengthen and better integrate priority policy issues into sector programme support.

- Improving partner country financial management systems to better capture expenditure which addresses gender inequities and alleviates poverty. (Alignment)

- Sharing expertise and increasing joint gender analysis at sectoral and national levels to inform decision-making processes related to PRSs and JASs. (Harmonisation)

- Improving capacity for monitoring the gender equality dimensions of SWAPs and PRSs; developing methods and capacity to monitor results on women’s economic empowerment; and, using the “lessons learned” from work on human rights and gender equality to improve development impact. (Managing for results)

- Developing methodologies to improve domestic accountability for women’s economic empowerment, rights, access to services and control over resources; and, exploring how donors can better support the powerful to become more accountable and the powerless to demand accountability.

The Accra HLF is an important opportunity to ensure that gender equality objectives and women’s empowerment are cornerstones of development and aid effectiveness. However, the HLF is only one step on a long journey.

Contact: Patti O’Neill (patti.oneill@oecd.org)
ENVIRONET

1. Context and main objectives, as well as its membership and relations with other work:

1. ENVIRONET is the DAC Network on Environment and Sustainable Development. Its members are mainly heads of environmental policy from donor agencies, World Bank and UNDP, with participation from key environmental NGOs (IIED, WRI, IUCN, IISD). Co-operation exists with the DAC’s POVNET, CPDC, and GENDERNET.

2. ENVIRONET’s work with regard to the Paris Declaration on Aid Effectiveness focuses on the implementation of the commitments of Paras 40 and 41 of the Declaration and environment-related work on capacity development. It also includes a report on the Paris Declaration principles and Environmental Sustainability. Para 40 calls for “...addressing implications of global environmental issues such as climate change (...).” Para 41 jointly commits donors and partner countries to “...develop and apply common approaches for strategic environmental assessment at sector and national levels”. In particular, the Framework calls for improved capacity building for appraising and managing environmentally-related expenditures with most direct importance to the development process, including water supply and sanitation.

3. ENVIRONET work also responds to the “Framework for Common Action around Shared Goals” endorsed by the Development-Environment Ministerial Meeting in 2006, which calls for efforts to support the objectives of the Paris Declaration to “[...] continue to develop the specialized technical and policy capacity necessary for environmental analysis and for enforcement of legislation”.

2. ENVIRONET’s processes, the planned outputs and their timeline:

I. Promoting a harmonised approach to environmental assessments in line with new aid modalities

Strategic Environmental Assessment

a. The DAC Guidance on “Applying Strategic Environmental Assessment” was endorsed in 2006 after intensive collaboration among DAC Members, developing country partners, UNDP, UNEP, the World Bank and many other agencies. Related material has been developed to facilitate dissemination and implementation of the guidance, including a CD ROM, leaflets, and a powerpoint presentation. A series of brief “key sheets” on the relevance and application of Strategic Environmental Assessment (SEA) methodology (and the DAC guidance) to selected critical issues in development co-operation will be developed, e.g. on application of SEA for adaptation to climate change.

b. A harmonised approach for training and capacity building on SEA has been developed, based on the Harvard Business Case Methodology. It has been field-tested in a range of countries, e.g. Tunisia, Benin, Namibia, Mauritania, Indonesia, China and Vietnam (see also II below).

c. An OECD Policy Statement on SEA has been prepared for consideration by the DAC HLM 2008 and as a product to be shared in Accra. It will highlight the value and importance of harmonized SEA approaches as outlined in the Paris Declaration and will help signal high-level collective commitment to their implementation.
d. The Monitoring of the application of the SEA Guidance by ENVIRONET members and others is ongoing. Key to this process has been the development of a survey to record existing and planned SEA activities of DAC members and others. The aim is to encourage harmonised approaches and develop a series of case studies of SEAs. The survey and case studies will be available in time for the Accra HLF.

Adaptation to climate change
e) A “DAC Progress Report on Mainstreaming of Adaptation to Climate Change into Development Co-operation” will be prepared by 2007. The objective of this report would be to highlight the progress achieved by donors towards integrating climate change adaptation into their operations and to outline key challenges for the future, in line with Para 40 of the Paris Declaration. The DAC will consider this report in November 2007 for endorsement by the HLM in 2008. Furthermore, the report shall be brought to the attention of Participants in the G8 Summit in July 2008. Subsequently a DAC Guidance on Adaptation to Climate Change is expected to be endorsed by the DAC HLM in April/May 2009.

II Capacity development for environmental analysis and enforcement of legislation
a) A Survey of OECD country Environmental Agencies’ activities in the field of environmental and natural resource management carried out in developing countries has already been undertaken and will be updated and expanded by the time of the Accra HLF. It will include the additional information base required to identify good practices, as well as synergies with activities undertaken by development co-operation activities, and to assess coherence with the principles of the Paris Declaration on Aid Effectiveness.

b) A “Good Practice Guidance on Financing Environmental Management and related implications for capacity development activities” will be developed. It will include methodologies and tools for assessing environmental institutional capacity, benchmarking environmental institutional performance, and identifying good practices as a basis for developing Capacity Development Programmes, as well as guidance to assist partner country environment ministries to develop environment programmes that could be integrated into mid-term budget planning in line with the new aid architecture.

c) A report on “Strategic financial planning for the water supply and sanitation sector in developing countries” will be developed in the framework of joint DAC and EPOC work. The report will draw lessons as to how such practices can be supportive of programmatic and sector wide approaches (SWAps) and of the objectives set-out in the Paris Declaration. This report and the Guidance on Financing Environmental Management are expected to be finalized in December 2008 and will constitute inputs of the OECD into a possible DAC-EPOC Ministerial in 2009 and into the 5th World Water Forum in Istanbul in March 2009.

d) The 1994 DAC Guidelines on Capacity Development for Environment will be updated in light of new aid modalities and the principles of the Paris Declaration on Aid Effectiveness. Endorsement is expected in 2009 and could be informed by the Accra HLF 3 discussions.

III Paris Declaration Principles and Environmental Sustainability
a. The “Dublin Report on the Paris Declaration and Environmental Sustainability” may be further developed, depending on how the Accra Agenda shapes up. It identifies and documents practical ways to apply and advance the Paris Declaration principles in relation to environmental
sustainability. The report was prepared for a Workshop organized jointly by WP-EFF, ENVIRONET, GENDERNET, GOVNET and the DAC Secretariat in Dublin.

3 How this work could inform the HLF-3, the event itself, its preparation and its outcome.

4. Informing the HLF-3 Progress report. Several outputs respond specifically to partnership commitments of the Paris Declaration which relate to environmental issues (Para 40 and 41). These outputs are (i) the DAC Guidance on “Applying Strategic Environmental Assessment, (ii) the Monitoring of the application of the SEA Guidance, including case studies, (iii) the DAC Progress Report on Mainstreaming of Adaptation to Climate Change into Development Co-operation, (iv) the Survey of OECD country Environmental Agencies’ activities in the field of environmental and natural resource management, and the (v) “Dublin Report on the Paris Declaration and Environmental Sustainability”.

5. Supporting the roundtables. The following outputs may provide the roundtables with evidence and case studies:

6. The RT 1, democratic ownership, capacities, and national leadership, could be supported by the Dublin Report on the Paris Declaration and Environmental Sustainability and the capacity products listed under II above.

7. The RT 2, use, support and improvement of country systems, could be supported by the “Strategic financial planning for the water supply and sanitation sector in developing countries”.

8. The RT 3, rationalization of donor practices in country, could be supported by the DAC Guidance on “Applying Strategic Environmental Assessment as well as the Monitoring of the application of the SEA Guidance.

9. The RT 4, management for results and mutual accountability, could be supported by the “Dublin Report on the Paris Declaration and Environmental Sustainability”.

10. The RT 5, Civil Society and aid effectiveness, can be informed by material to support dialogue on environmental issues, e.g. on climate change, the benefits of Natural Resource Management for Poverty Reduction and Pro-Poor Growth.

11. Promoting the Accra Action Agenda. The following outputs contain key issues, messages and actionable commitments that shall emerge from the HLF-3: (i) the OECD Policy Statement on SEA, (ii) the DAC Progress Report on Mainstreaming of Adaptation to Climate Change into Development Co-operation, and the (iii) “Dublin Report on the Paris Declaration and Environmental Sustainability”.
SUMMARY FROM THE DUBLIN WORKSHOP ON CROSS CUTTING ISSUES (APRIL 2007)

“Whilst achieving gender equality, human rights and environmental sustainability are worthy goals of development in their own right, each is at the same time functionally essential to achieving the overall goal of the Paris Declaration.” (Richard Carey, Director, Development Co-operation Directorate, OECD, at the Dublin workshop)

1. The Paris Declaration on Aid Effectiveness lays down practical, action-oriented commitments for both donors and partner countries who have agreed to jointly monitor progress against a set of indicators and targets for 2010. Its overarching principles – ownership, alignment, harmonisation, managing for development results and mutual accountability – are major reference points for guiding policy dialogue and shaping development co-operation programmes in all sectors. The Workshop on Development effectiveness in practice, hosted by the Government of Ireland reviewed how practitioners are applying the Paris Declaration’s overarching principles to advance gender equality, environmental sustainability and human rights. Some of its key findings include:

Gender equality, human rights and environmental sustainability

- Are fundamental cornerstones for achieving good development results
- Can be advanced through implementing the principles and partnership commitments of the Paris Declaration
- Must be harnessed to advance the implementation of the Paris Declaration.

National ownership is about genuine collective ownership by society as a whole.

2. The principle of ownership, a central tenet of the Paris Declaration, extends beyond national governments – the main counterparts of donors in development co-operation. Parliaments, civil society organisations and the wider public as well as political institutions at the sub-national level are important “owners” of development strategies and policies, and drivers of change. Genuine ownership requires political leverage and space as well as a legal-institutional framework that ensures that citizens – including the poor and the most marginalised women and men – are able to engage in decision-making processes and hold their governments accountable.

3. Broad consultative processes which engage and give voice to civil society will often open up a dialogue and debate where concerns about addressing human rights, gender differences and environmental sustainability are likely to emerge as development priorities

Alignment works best when environmental sustainability, human rights and gender equality are institutionalised in legal frameworks, national strategies and robust policies.

4. In many countries, human rights, gender equality, access to health care, safe water and a clean environment are enshrined in constitutional and other legal instruments, which often reflect and

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14 The Workshop, organised jointly by the DAC Networks on Environment and Development, Governance and Gender Equality and the Working Party on Aid Effectiveness, was held in Dublin on 26-27 April 2007. The Workshop documentation can be found at: www.oecd.org/dac/effectiveness/inpractice
incorporate international legal obligations deriving from agreements to which both partners and donors are party. This provides a basis for dialogue as well as mechanisms and modalities for donors to align their efforts and to monitor progress.

**Harmonisation can bring gender equality, human rights and environment to the centre of Paris Declaration implementation.**

5. Harmonisation requires trust, transparency and changes in the ways donors do business. Increased harmonisation of donors’ efforts in relation to gender equality, human rights and environmental sustainability will improve effectiveness, avoid fragmentation of donor efforts and help bring these issues from the margins to the centre of the implementation of the *Paris Declaration*. Joint Assistance Strategies (JAS) have proven to be a valuable mechanism to advance these critical policy issues as development priorities. JASs provide the basis for enhanced harmonisation and a more effective division of labour among donors at country level, based on donors’ comparative advantages and competencies. In some cases, human rights, environmental sustainability and gender equality are considered as a sector, while in other cases they are integrated into other priority areas such as water, governance or health and HIV/AIDS. Experience suggests that these two approaches are not mutually exclusive but can reinforce one another. The Country Harmonisation and Alignment Tool (CHAT) for HIV/AIDS and Strategic Environmental Assessments (SEAs) have proven to be useful harmonisation instruments. Such tools need to be adapted to the country context, embedded in national processes and understood and used by local stakeholders.

**Managing for results provides ready entry points for integrating human rights, gender equality and environmental sustainability.**

6. Human rights, gender equality and environmental sustainability are objectives in themselves – without results in these key policy areas, short-term achievements in aid effectiveness will have little meaning. Including monitorable objectives linked to human rights, gender equality and environmental sustainability in existing national and sub-national data collection and monitoring systems and performance assessment frameworks is essential. Domestic civil society demands for improved performance can complement traditional top-down and technical approaches to monitoring. Making accurate information available to individuals and organisations is essential for both measuring the impact of development initiatives and for holding government agencies to account. Transparency, participation and the right to information are key elements of such an approach.

**Meeting environmental, gender equality and human rights objectives gives substance to mutual accountability**

7. A capable state needs a capable civil society. The *Paris Declaration* seeks to promote a model of partnership that improves transparency and provides stronger accountability mechanisms for the use of development resources. Strengthened domestic accountability through engagement with civil society is essential to democratic ownership, as is support for representative government, an independent judiciary and an independent media. Accountability is neither a technical exercise nor an end in itself but a dynamic socio-political process that is critical to achieving key development objectives and results. It is not just provided by states to citizens but also has to be demanded by citizens.

8. Developing countries have a responsibility to create and sustain “home-grown” accountability institutions and mechanisms, and donors need to do a better job of supporting them. This includes both strengthening independent oversight systems and public institutions to ensure checks and balances, and supporting performance frameworks (horizontal accountability) and civil society and citizen-led initiatives, the independent media and electoral processes (vertical accountability).
9. At the same time, donors need to be accountable for their undertakings and commitments. This is likely to require some “rebalancing” of the partnership so that partners and civil society actors are better equipped to call donors to account. Human rights frameworks and instruments play a particularly important role in strengthening the implementation of accountability commitments.
POVNET

I. 2007-08 activities

10. The objective of the DAC Network on Poverty Reduction (POVNET) is to serve as a platform for supporting implementation of the Paris Declaration on Aid Effectiveness and to scale up official development assistance for results in matters related to poverty reduction and pro-poor growth. Particular attention is being given to the harmonisation and co-ordination of donors’ pro-poor growth activities at the field level, to showing the differences between growth and pro-poor growth agendas, to aligning donor initiatives with locally owned development plans, including poverty reduction strategies, and to supporting country-based approaches.

11. POVNET is currently pursuing its work at three levels:

1. **Consolidating, disseminating and learning lessons** by fostering an exchange of experience and preparing good practices in implementing the policy guidance for donors on pro-poor growth, developed in the 2005-6 work programme. Specific activities include:

   - Country workshops (in Cambodia, Ghana, Mali, …) to test with practitioners at the field level POVNET’s policy guidance for donors on pro-poor growth and private sector development, agriculture and infrastructure.

   - Preparation, in collaboration with Train4Dev (a joint donors competence development network) of a training programme to share lessons and build a community of practice on promoting pro-poor growth.

   - Scaling up the use of the *ex ante* Poverty Impact Assessment (PIA) approach, as a harmonised tool for improving the poverty reduction impact of projects and programmes and mitigating unintended negative impacts at an early stage.

2. **Addressing new priority areas** by preparing good practice notes for practitioners on the contributions of social protection and empowerment and on employment and labour markets to pro-poor growth, in order to foster the inclusion of poor women and men in the economy and society. Specific activities include:

   - Development of an evidence-based policy statement on employment and social protection that shows the importance of these complementary areas for reducing poverty – social protection can improve the employability of poor women and men while a decent job can protect the poor from risks by reducing their vulnerability.

   - Development of more specific good practice papers in such areas as fragile states, gender, informality and financing/affordability of social protection schemes.

3. **Strengthening the development dimension of other OECD work** by identifying and promulgating good practices on using ODA to promote investment for development, working in collaboration with the Investment Committee, and on strengthening the contribution of trade to pro-poor growth, as a contribution to the joint DAC/Trade Committee project on Aid-4-Trade.
II. Potential contributions to the Accra High-level Forum

12. POVNET stands ready to support the Accra High-Level Forum including by providing inputs and by presenting and discussing aspects of its work in the roundtables or related side events. POVNET’s current work is generating a range of potential inputs for the Accra High-Level Forum:

**Harmonisation**

- Policy guidance for donors is already available on promoting pro-poor growth, including in relation to private sector development, agriculture and infrastructure. This joint work has produced consensus within the donor community on issues that have proved controversial for decades.

- A Learning Event on Promoting Pro-Poor Growth will help staff responsible for designing and implementing pro-poor growth programmes an opportunity to discuss and learn from their different approaches. The discussions will be enriched through contributions from developing country partners. The Pilot Learning Event, to take place in December 2007, is being prepared in collaboration with the Joint Donors’ Competence Development Network (“Train4Dev”).

**Alignment**

- Country workshops are providing a forum for sharing practical, field-level experiences among donors and with their developing country partners. A draft report on the Ghana workshop is already available and reports on the Cambodia and Mali workshops will be available in time for the Accra High-Level Forum.

**Managing for development results**

- The *ex ante* Poverty Impact Assessment (PIA) contributes to efforts by donors, and their developing country partners, to improve development results by assessing the likely intended and unintended distributional impacts of interventions on poverty reduction. To date, some 15 PIAs have been conducted in the fields of agriculture and natural resource management, private sector development, infrastructure and health. Some results have been highlighted at the Third Round Table on Managing for Development Results (Hanoi, February 2007) and the Workshop on Applying the Paris Declaration to Advancing Gender Equality, Environmental Sustainability and Human Rights (Dublin, April 2007). In pursuing this work, POVNET’s PIA Task Team has joined forces, as appropriate, with the Poverty and Social Impact Analysis (PSIA) Donor Group.

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Overall, and particularly through its country workshops and PIA dissemination activities, POVNET provides a substantial contribution to building ownership, a key but nonetheless difficult to implement objective of the Paris Declaration.
UNTYPING AID

Background

1. The tying status of aid has long been considered a key test of donors’ commitment to coherent policies and effective aid delivery. Partners have consistently identified the practice of tying as one of the principal procedures that undermine aid effectiveness. It has been clearly documented that tying aid raises the cost of many goods, services and works by 15% to 30% on average, and by as much as 40% or more for food aid. These percentages represents a conservative estimate of the real costs of tied aid, since it does not incorporate the indirect costs of tying. Tied aid often results in higher transaction costs for recipients. To satisfy tied aid requirements, donors apply restrictive procurement rules that, in most cases, circumvent local procurement systems and procedures. Thus, recipients need to set up parallel procurement systems and operate monitoring and evaluation systems that comply with donor requirements, overtaxing already weak capacities. These systems constitute a serious barrier to harmonising donor procedures. Donor co-ordination is also adversely affected when donors are reluctant to co-ordinate their activities with others who may be considered as competitors in search of commercially interesting projects.

2. Tied aid is at least partially guided by commercial considerations, which do not necessarily comply with local needs and priorities. In fact, tied aid tends to favour activities that require capital intensive imports or donor-based technical expertise, e.g. in the field of infrastructure provision, over activities with low import content, such as rural development projects promoting pro-poor growth objectives, and in particular those requiring local-cost financing. This bias often leads to the provision of goods, technology and advice that do not conform to the priorities and specifications of the recipient country and that do not fully exploit the potential contribute of local suppliers and expertise.

The 2001 DAC Recommendation to untie aid to the LDCs

3. In light of these arguments, many donors have increased, over time, the share of untied aid in their bilateral programmes. In fact, a small number of bilateral donors, have untied all or large parts of their aid programmes in order to improve aid effectiveness and strengthen local ownership of the development process. More recently the Commission of the European Union has introduced new provisions to allow further untying of Community assistance. In the United States, aid distributed from the Millennium Challenge Account is also provided untied. In addition, multilateral development agencies have untied all their aid at the insistence of their members.

4. Responding to the broad call for untying aid from the international aid community, the DAC explored ways to build on unilateral initiatives being undertaken to provide a multilateral framework to encompass these efforts and stimulate others. In 2001, DAC HLM reached agreement on a Recommendation\(^\text{15}\) to untie ODA to the Least Developed Countries with the objectives to: (i) untie ODA to the LDCs to the greatest extent possible; (ii) ensure adequate ODA flows, and (iii) achieve balanced efforts among DAC members in untying their aid. The Recommendation entered into force on 1 January 2002. All DAC Members have untied all categories of ODA to the LDCs that are covered by the Recommendation. The Recommendation recognises that untying improves aid effectiveness through the positive effects on (i) co-ordinated and effective partnerships with developing countries, (ii) strengthened ownership and responsibility of partner countries in the development process, and (iii) improved value for money in aid procurement. However, the contribution of the Recommendation to these objectives is

\(^\text{15}\) Text of the DAC Recommendation can be found on http://www1.oecd.org/dac/htm/Untie.htm.
limited, in particular, by its present coverage provisions (only the LDCs, excluding food aid and technical co-operation and elevated thresholds). Therefore, the Recommendation invites Members to consider untying aid beyond its present coverage.

Next steps - HLF 3

5. In response to the Paris Declaration and calls from major international conferences to increase the share of aid that is untied, the DAC has discussed approaches to extend the benefits of untied aid, especially in terms of improved aid effectiveness and greater value for money. Two criteria have been selected to identify promising ways forward: (i) the magnitude of the potential benefits, and (ii) the likelihood of arriving at a consensus.

6. On that basis, the 2005 Senior Level Meeting approved the proposal to eliminate the coverage thresholds of the 2001 Recommendation i.e. SDR 700 000 (SDR 130 000 for investment related technical co-operation) as it was felt this offers some early gains with a reasonable scale of benefits (in the area of an additional USD 300 million in untied aid), in particular, for local and regional companies in partner countries.

7. The DAC has considered a proposal to extend the coverage of the Recommendation to include those eight HIPC countries not presently covered by the Recommendation (LDC HIPCs are already covered).16 One substantive issue still under consideration is whether the extension of the coverage should be limited to a specific time period.

8. Members have previously discussed proposals concerning OLICs, food aid and free standing technical co-operation. Proposals concerning extending the Recommendation to cover Other Low Income Countries and to cover food aid continue not to meet the criteria that have guided the discussion. Free-standing technical co-operation is excluded from the coverage of the 2001 Recommendation. Proposals looking at where there is a domestic suppliers market for the technical cooperation will be considered once the WP-STAT has completed to disaggregate technical cooperation into its component parts, which is expected towards end 2007.

9. Members support the idea of promoting more local and regional procurement in ways that increase aid effectiveness and impact. Some Members feel that partner countries are really looking for greater use of partner country procurement systems by donor agencies. Promoting greater local/regional procurement should bring greater benefits to partner countries, but that requires value for money procurement based on sound and competitive procurement systems. Work is under way to connect these two strands and a feasibility study will be ready for presentation at the 3rd HLF in Accra.

16. Non-LDC HIPCs are Bolivia, Cameroon, Côte d’Ivoire, Ghana, Guyana, Honduras, Nicaragua and Republic of Congo
AID FOR TRADE

1 Background

10. The 2001 Doha WTO Ministerial Declaration has put developing countries’ priorities at the centre of the agenda. Devising instruments to help developing countries overcome their trade-related institutional, human resource and supply-side capacity gaps thus became a complement to the WTO negotiations. More specifically, the 2005 Hong Kong WTO Ministerial Declaration established a Task Force to provide specific recommendations on how to operationalise aid for trade. The joint DAC – TC study “Aid for Trade: Making it Effective” contains the OECD’s contribution to these WTO consultations.

11. The publication argues that the volume of aid-for-trade is not what is holding back low-income countries. Since effectiveness appears to be the main problem, the study reasons that the key principles of the Paris Declaration on Aid Effectiveness should be given practical application in the aid-for-trade domain.

2 The PD as guiding principle

12. Building on this contribution, the July 2006 Recommendations of the WTO Task Force on Aid-for-Trade identified the Paris Declaration on Aid Effectiveness as the guiding principle and identified a number of challenges that need to be addressed to make aid-for-trade an effective instrument. Subsequently, the OECD and the WTO have closely collaborated in setting up an aid-for-trade monitoring framework. The OECD/WTO three-tiered monitoring framework (e.g. global, donor and recipient) aims to elicit critical quantitative and qualitative information from donor agencies and their partner countries to arrive at a comprehensive aid-for-trade picture and allow the international community to assess what is happening, what is not, and where improvements are needed.

13. The monitoring exercise showed that, without exception, donors agree that the Paris Declaration on Aid Effectiveness sets out the principles that should guide the delivery of aid for trade. The commitment to these principles, which encapsulate decades of lessons learned and which set out clear guidance on how to deliver aid most effectively was evident in all responses. However, putting these principles more broadly and widely into practice requires continuing effort and attention.

14. Furthermore, donors emphasise of the importance of reducing the transaction costs of delivering aid for trade. On a business as usual basis, transaction costs can be expected to increase significantly as aid for trade is scaled up. Donors will need to work aggressively to reduce these costs by increasing complementarity, making greater use of local systems, expanding the use of delegated co-operation and better integrating their programmes with local spending plans.

15. Increasingly, donors are engaged in joint monitoring and evaluation of programmes that fall within the scope of the aid for trade initiative. Orienting aid for trade activities towards achieving desired results (e.g. management for results) and being accountable to each other for these results (e.g. mutual accountability) is a clear challenge. The aid for trade initiative is relatively new and covers a broad range of activities with different timeframes. To date, therefore, there is little evidence on results that can be translated into policy improvements.

16. Donors noted that these challenges in delivering aid for trade effectively are not unique, but are, in fact, part and parcel of the broader aid effectiveness agenda. The approach of the Paris Declaration, in
setting out clear and mutually supporting objectives and monitoring progress towards them, might thus be adapted for the aid for trade initiative to help provide focus to this part of the initiative.

3 Outputs and cooperation

17. The 2007 - 2008 joint DAC – Trade Committee Programme of Work aims to apply the principles of the Paris Declaration on Aid Effectiveness to aid-for-trade, in particular to enhance performance management through local accountability and global review based on a common set of evaluation and monitoring tools, which ensure that funding, design and implementation shortcomings of aid-for-trade programmes are corrected, that results are delivered, and effectiveness improvements are sustainable.

18. In particular, work aims to design a set of common tools to manage aid-for-trade and achieve identifiable and measurable results. This work will address how to focus aid-for-trade interventions on results; how to align monitoring and evaluation with results, keep measurement and reporting simple and how to use the results for learning and decision making. This pillar will include a review and an assessment of indicators for monitoring and evaluating improvements in trade capacity, such as building business competitiveness and domestic comparative advantages, productivity enhancement measures, the degree of integration with the world economy, value-added in exports, composition of exports etc. The recommendations will take into full account the practical difficulties in implementing a results-based approach when capacity is scarce and available statistics poor and quantitative indicators might be difficult to produce.

19. The output results are developed in close cooperation with and active participation of the multilateral agencies participating in the Integrated Framework (e.g. the IMF, ITC, UNCTAD, UNDP, World Bank and WTO) and selected recipients that have made, or are planning to make, trade a focal point in their development strategy. Informal discussions with multilateral stakeholders, a number of important providers of bilateral trade-related assistance and recipient countries have provided initial indications of interest to participate in the execution of this joint DAC –TC programme of work.

4 HLF-3

20. Aid for Trade is clearly important to a large number of WTO Members. All WTO Members, including those that are not fully engaged in the global dialogue on aid effectiveness and whose aid might not be provided in way fully consistent with the Paris Agenda agreed that aid-for-trade should be guided by the Paris Declaration.

21. This leads to two issues which could inform Accra High Level Forum on Aid effectiveness and Donor Practices:

- How can we ensure coherence in the international system between reporting on the Paris Declaration and on aid for trade?
- How can we ensure that knowledge, including lessons from the WTO monitoring are feed back into the system and the wider aid effectiveness debate?
OECD GLOBAL FORUM ON DEVELOPMENT

What is the OECD Global Forum on Development?

1. The OECD Global Forum on Development (GFD), launched in mid-2006 as one of ten OECD Global Forums, is led jointly by the Development Centre (the Centre) and Development Co-operation Directorate (DCD). Its main objective is to foster dialogue on issues that require the active engagement of OECD members, non-member economies and non-state actors such as NGOs, think tanks, foundations and private commercial operators.

2. The GFD is structured around stable multi-annual themes, with the first thematic cycle focusing on the international architecture of development finance. As can be seen in the GFD Calendar of Events (Annex I), this cycle is scheduled to run at least until mid-2009 and consists of a series of informal workshops and annual “plenaries”. The plenaries are held on the eve of the annual DAC High-Level Meetings in order to encourage the active participation of senior policy makers.

The GFD and aid effectiveness ahead of the Accra HLF-3

3. There are two ways in which the GFD can support progress in international dialogue on aid effectiveness. First, it can serve as a catalyst for more formal policy dialogue on issues that are ripe for international decision-making. Second, it can engage core interest groups and assemble analytical work on horizon issues that have as yet been inadequately examined.

4. In its first year of activities, the GFD carried out both of these functions:

   • Following a GFD Policy Workshop on 5-6 December 2006, health was chosen as a tracer sector in looking at the application of the Paris Declaration at the HLF-III.

   • The Workshop also discussed the emergence of global programmes, paving the way to the development of good practice guidelines on their integration and effectiveness at country level.

   • Recognising the emergence of major new official donors and the need for dialogue with them, emerging donors were invited to play an active role in the 1st Annual Plenary in April 2007.

   • A major conference was organised in Lisbon in March 2007 to foster a new dialogue between official donors and foundations.

5. Ahead of the Accra HLF-3, further related policy areas will be addressed by the GFD, which has recently embarked upon a year of discussion on a core principle of aid effectiveness: ownership. A major motivation behind this choice of theme is the recognition that developing countries face a number of capacity and resource constraints in taking the lead of an increasingly complex development finance system.

6. Messages on the better understanding and implementation of the ownership principle will be presented and discussed at the 2nd Annual Plenary of the GFD on 21 May 2008, and will be disseminated widely among policy makers and other constituents. Besides the Plenary, key events and activities include the following.

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Led by more than thirty developing-country experts, discussions at this Workshop were based on a set of twelve country-case studies. Participants deliberated about the role of non-state actors in ensuring a broad-based democratic ownership of the development finance system, and discussed the changing nature of donor-recipient relationships, as evidenced in evolutions of the use of conditionality.

2. Coordination with the Advisory Group on Civil Society and Aid Effectiveness

In order to foster a thorough exploration of the concept of democratic ownership, efforts are being made to coordinate closely with the Advisory Group on Civil Society and Aid Effectiveness. The Group was strongly engaged in the preparations of the September Workshop, and the Centre recently facilitated the Group’s Regional Multi-stakeholder Workshop in Hanoi. Further cooperation may be envisaged around the GFD’s 2nd Plenary and the Advisory Group’s International Conference in late January 2008.


To be held on the eve of the DAC Senior Level Meeting, this Workshop will examine three aspects of scaling up from a country perspective: dealing with a growing number of actors; improving the medium-term predictability of aid finance; and linking discussion of medium-term resource provision to national priorities and results, as set out in national development strategies, in order to accelerate progress towards the MDGs. Representatives of the five “BRICS” countries will be invited to attend, in order to encourage their involvement as donors in these country-level processes.


A key feature of true ownership is a developing country’s ability to reduce aid dependence and generate domestic resources to finance its development. To this end, the lack of fiscal legitimacy and democratic trust in many developing countries is a major obstacle to ownership. This Workshop will explore how official and private donors, especially foundations, can best help think tanks to act as watchdogs for better fiscal policy. Participants will examine the viability of permanent endowments in satisfying the resource-needs of think tanks while allowing them to operate independently.

5. Launch of the second volume of Financing Development by the Centre, 21 May 2008

This volume, to be launched at the 2nd Annual Plenary, will include messages on knowledge hierarchies and the need for home-grown solutions, on the implementation of the ownership principle and on the role of NGOs in the international development finance architecture. The volume will also draw on country case studies coordinated through the Centre’s Development Finance Network (DEFINE), a network of think tanks from North and South working on development finance. The publication will constitute an important vehicle for disseminating the messages of the GFD.

6. Developing synergies with the ECOSOC Development Cooperation Forum

The first major ECOSOC Development Cooperation Forum will be held in July 2008. Building on regular contacts with colleagues in UN DESA since the launch of the GFD, we will take care to ensure synergies between the OECD and UN processes, for example by investigating the opportunities for organising mutual events and conference sessions.
The GFD following the Accra HLF-3

13. The third year of GFD activities will begin in September 2009 – immediately following the HLF-3 – and are scheduled to focus on the instruments of development finance. In part, discussions will constitute a follow-up to a Public-Private Roundtable on “Banking on Development”, to be held in Geneva on 28-29 February 2008.

14. There may, however, be significant value in exploring how the GFD could provide space for Accra follow-up activities related to aid instruments. Specifically, such follow-up activities could examine instruments for more effective aid allocation and a more harmonised division of labour among donors. Year three may also provide space for a deeper discussion of the issue of ownership, asking which instruments are most conducive to a developing-country owned development finance system.

More information

15. For further information on the GFD and its events, please visit www.oecd.org/development/globalforum or contact Felix Zimmermann, Policy Analyst, OECD Development Centre (+33 – (0)1 – 45 24 95 85).
### ANNEX: Calendar of Events

#### Year I (06/07): Understanding the present development finance system

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Organiser</th>
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<tbody>
<tr>
<td>5 October 2006</td>
<td>Aligning global programmes Technical Workshop, Paris [Organised by DCD with the World Bank]</td>
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<tr>
<td>4 December 2006</td>
<td>Global Health Partnerships Pre-Workshop, Paris [Organised by DCD with the World Bank and World Health Organisation]</td>
<td></td>
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<tr>
<td>5 December 2006</td>
<td>Global Programmes and the Paris Agenda Policy Workshop, Paris [Organised by DCD with the World Bank and World Health Organisation]</td>
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<tr>
<td>29-30 January 2007</td>
<td>Performance and Coherence in Multilateral Development Finance Informal Experts’ Workshop, Berlin [Organised by DEV with the German Ministry for Economic Co-operation and Development]</td>
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<tr>
<td>22-23 March 2007</td>
<td>Developing Partnerships for a Developed World: Foundations and Governments Learning to Work Together International Conference, Lisbon [Organised by DEV &amp; DCD with the European Foundation Centre and Portuguese Ministry of Foreign Affairs]</td>
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#### Year II (07/08): Putting Ownership into Practice

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<th>Date</th>
<th>Event</th>
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<tr>
<td>28-29 February 2008</td>
<td>Banking on Development Roundtable, Switzerland [Organised by DEV with the World Economic Forum, and with Swiss Development Co-operation]</td>
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#### Year III (08/09): Matching instruments to needs

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<th>Date</th>
<th>Event</th>
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<tr>
<td>September 2008</td>
<td>Matching Instruments to needs Informal Experts’ Workshop (venue tbc) [Organised by DEV]</td>
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<tr>
<td>December 2008</td>
<td>Policy Workshop, Paris [Organised by DCD]</td>
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<tr>
<td>Jan / Feb 2009</td>
<td>Informal Experts’ Workshop (venue tbc) [Organised by DEV]</td>
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<tr>
<td>April 2009</td>
<td>3rd Annual Plenary: Reshaping International Development Finance: What have we Learnt? [Organised by DEV &amp; DCD]</td>
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PART 4: CONTRIBUTIONS FROM OTHER NETWORKS AND BODIES.

- SPA Budget support working group
- SPA Sector support working group: Vertical Health Funds
- SPA CABRI “putting aid on Budgets”
- SPA working group on Capacity for Aid Management
- Environmental and Social “Safeguards”
- Legal Harmonization Initiative
- Technical Cooperation for Capacity Development
- Education for All – Fast Track Initiative
- Infrastructures sector
SPA BUDGET SUPPORT WORKING GROUP

Context

1. The Strategic Partnership with Africa (SPA) is a voluntary partnership of International Development Agencies and their African government partners whose purpose is to improve the quality and increase the quantity of aid to Sub-Saharan Africa. SPA’s 3 Working Groups conduct studies and surveys, organize workshops and missions and issue reports of various types. The Budget Support Working Group (BSWG) has commissioned an annual survey of budget support in Africa each year since 2003. The surveys have been funded by DFID and administered and analysed by ODI.

2. In each country participating in the survey, 3 questionnaires are administered. Part 1 is completed jointly by government and donors and provides basic information about the poverty reduction strategy process and the extent of budget support alignment and harmonisation. Part 2 questionnaires are completed by each donor separately to collect information about disbursements, actual and planned, as well as detail about conditionality, disbursement difficulties etc. Part 3 is completed by governments and allows them to give scores to donors individually and as a group.

3. Each year, between 14 and 17 countries have participated in the surveys. The questionnaires include a fixed core set of questions to allow time series comparisons, and each year some additional questions to explore emerging issues. The 2007 survey includes questions about sector budget support as well as support for public finance management reform.

Objectives

4. The objective of the surveys is to monitor different aspects of the evolution of budget support and so to provide a basis for discussion in SPA and other fora of how to improve budget support practice and effectiveness.

Relations with Other Work

5. Although the Paris Declaration Monitoring Survey gathers some information about budget support (related to Indicators 9), the SPA survey collects a wider range of data, and now has several years’ experience to allow trends to be observed.

6. SPA is also conducting in 2007 some complementary investigations into Budget Support Donor Groups and Sector Budget Support which could augment the information which the survey delivers.

Process

7. The 2007 survey was conducted between July and September 2007. Most of the questions focus on fiscal year 2006 (or 2006/07 for those countries which do not observe a January-December fiscal year). Analysis is ongoing.
Planned Outputs

8. A draft survey report will be available in January. It will present the 2007 survey data in the context of the 2003-6 findings. The results will be discussed in the SPA Working Group and Plenary meetings in late February after which the report will be finalised.

Input to Accra High Level Forum

9. The SPA BSWG Co-Chairs will draft a short document on the basis of the 2003-7 Survey reports. This will highlight the main trends observed in budget support and outstanding issues and challenges.

Contact Point: Peter Dearden, DFID (p-dearden@dfid.gov.uk)
SPA SECTOR SUPPORT WORKING GROUP: VERTICAL HEALTH FUNDS

Background

1. The aid architecture is constantly evolving. Over the past decade, global programs that address thematic issues, such as health or the environment, across countries and regions have increased in number and volume during this period. Advocates of these programs see them as important vehicles for addressing specific global challenges. Over the past several years, resource flows to Africa through health sector vertical funds (including those sponsored by bilateral and multilateral donors, and private foundations) have risen dramatically. These funds typically target narrowly defined objectives and are often free to work inside or outside of government. Given the volume of resources they manage and the scale of their operations, global funds can have significant direct and indirect effects on government ministries and programs. And while these effects can be beneficial in many ways, they may also be counter-productive (e.g. by their impact on markets for skilled health staff). Coordination of policies and programs among governments and vertical health funds seems to be more harmonized and aligned in some African countries than in others, however, there have been limited opportunities so far for countries to compare these experiences and learn from them. This project will facilitate the transfer of lessons learned between countries. It also seeks to encourage and promote engagement of vertical funds in discussions about aid effectiveness in Africa.

2. There are currently several initiatives taking stock of global program/vertical fund activity. Particularly germane to this study is the ongoing work sponsored by the World Bank’s Global Programs and Partnership Group working with the DAC Working Party on Aid Effectiveness17, and the World Health Organization’s work on scaling up to meet Health MDGs, also carried out in conjunction with the OECD. Accordingly, this project seeks to learn from these complementary initiatives, build on their results to shape our inquiry, while carefully avoiding duplication of existing efforts and collaborating where possible.

3. These studies and others document an emerging trend characterized by new initiatives bringing to bear vast new resources to target globally defined problems. However, along with the new resources and actors come new and unintended challenges for governments and donors alike. Much remains to be discovered about how government is managing rapidly multiplying donors and resources, and how these organizations are endeavouring to comply with widely accepted aid effectiveness principles.

4. The Strategic Partnership with Africa (SPA), consistent with its overall goal of improving the quality and increasing the quantity of aid to Africa, has opened a work stream to better understand the opportunities and challenges presented by vertical health funds as they relate to aid effectiveness and donor coordination. This work stream is coordinated by the SPA’s Sector Support Working Group. Because the SPA’s membership consists of representatives from both African country governments and donor organizations, it is uniquely suited to bring forward a country-based perspective to the growing dialogue on global funds in general and vertical health funds in particular.

17 The Working Group has produced a very useful Synthesis Report and a Draft Good Practice Paper, which serve as background materials for this project.
Objective

5. This project is designed to analyze vertical health fund activity in four – six countries in sub-Saharan Africa. The longer term objectives of this research are:

1. To equip African governments for relationships with vertical health funds which will maximise collective health outcomes; and to

2. Share experience on coordinating with vertical funds among development and country partners to maximize aid effectiveness and promote compliance with Paris Declaration and other good practice principles.

6. The preliminary results of the country case studies will be presented at the SPA plenary in February, 2008, and it is hoped that the synthesis report might be considered at the Accra High Level Forum in September, 2008.

Scope of the Study

7. The present study is designed to provide an overview of country-based approaches for aligning and managing vertical health funds. Specifically, the study will include:

- A rapidly compiled “map” documenting the number, type, and volume of current vertical health funds in 4 – 6 countries in SSA;

- A description of how partner country governments are managing vertical fund activity in their countries;

- An analysis of strengths and weaknesses, and challenges and opportunities to country health systems presented by vertical fund activity in these countries;

- An analysis of how vertical funds (management/staff) see their role in the country vis-à-vis partner country health ministries and other development partner health programs;

- An analysis of the principles and policies vertical health funds apply to guide their relationships with partner country governments;

- The identification of lessons learned and good practice on managing and coordinating vertical fund programs; and

- Concrete suggestions on how to deepen/broaden the analysis and how to take it forward to complement other ongoing projects on the same topic.

8. The analysis of Vertical Health Funds in sub-Saharan Africa will include attention to the following questions:

- What are the unintended outcomes of vertical fund activity in the country?

- What is the ratio of vertical health fund budgets compared to all other government and donor health programming in the country?
• To what degree do vertical fund objectives and programming align with government priorities as expressed in Poverty Reduction Strategies or National Development Plans?
• How do vertical health funds respond to PRSPs in developing their health strategies?
• To what extent do vertical funds coordinate health programming with government and other donors in the country?
• Where coordination exists, how did it begin? What sorts of incentives or disincentives to coordinate exist?
• What are the specific challenges faced? What works well?
• What factors do vertical fund managers take into consideration in determining how to provide health resources in the country?
• Do other donor agencies take the presence of vertical health funds into account when deciding on country health budgets?
• To what extent do fund managers involve the private sector and other civil society actors in the development of country strategies?
• What are the strengths of vertical health funds in the country?

Deliverables

9. The main output of the study will be a draft synthesis report summarizing the results of the three country-based studies. At a minimum, each country-based report will include the following:

• An inventory and description of vertical health funds operating the country;
• An detailed description of existing coordinating mechanisms and relationships between vertical health funds, government ministries, and other donors;
• An analysis of how vertical health fund activity impacts health sector policy and programming;
• Examples of good practice and/or otherwise noteworthy cases; and
• Recommendations on next steps for deeper/broader analysis and dissemination/learning activities.

Timeframe

10. This study will be conducted from July 1, 2007 to April 30, 2008. The first draft of the country papers are due November 1, 2007 and first draft of the synthesis report should be made available for review by January 15, 2008. An interim progress report will be presented by October 15, 2007.
SPA CABRI “PUTTING AID ON BUDGETS”

Context

1. The Strategic Partnership with Africa (SPA) is a voluntary partnership of International Development Agencies and their African government partners whose purpose is to improve the quality and increase the quantity of aid to Sub-Saharan Africa. SPA’s three Working Groups conduct studies and surveys, organize workshops and missions and issue reports of various types.

2. The Collaborative African Budget Reform Initiative (CABRI) is a network of Senior Budget Officers from governments in 28 Sub-Saharan African countries. CABRI’s purpose is to improve the appropriateness, quality and sustainability of budget reform programmes; build stakeholder understanding of budget management; support capacity improvement for budget reform implementation and management; and support the development of common approaches in key international and regional initiatives.

3. The SPA Sector Support Working Group (SSWG) and CABRI jointly in 2007 have commissioned a study on “Putting Aid on Budget” The work is being jointly funded by JICA and DFID and conducted by Mokoro Limited.

Objectives

4. The objective of this joint SPA/CABRI Task is to produce outputs which will better equip governments in Sub-Saharan Africa to lead country-level processes to ensure external development assistance (aid) flows are properly reflected in national budget documents, ex ante (Budget presented to legislature) and ex post (out-turn accounts).

Relations with Other Work

5. The study outputs will help identify where and how changes need to be made by donors as well by governments. It should therefore facilitate progress against Paris Declaration Indicator 3. It also has relevance for Indicators 5a and 7.

6. The SPA Steering Committee provides a way to coordinate the “Putting Aid on Budget” work with the SPA’s Capacity Development for Aid Management Task.

7. The work is also being discussed in the DAC Joint Venture on Public Financial Management.

Process

8. The consultants have conducted 10 country case studies, working with CABRI members and donors, and also a literature review. Work has now started on a Synthesis Report and Good Practice Note. An international reference panel will help assess the work, including staff from IMF, PEFA Secretariat, OECD/DAC Secretariat as well as SPA and CABRI.

Planned Outputs

9. The consultancy will produce 3 Outputs:
• A Literature Review on putting aid on budget, documenting existing good practice guidance, the relevant policies and guidelines of major donors, and experience from selected countries (including non-African countries) not covered in case studies under Output 2.

• A Synthesis Report which will draw from the Literature Review and from case studies of selected African countries’ experience with putting aid on budget. (A series of Country Reports on these case studies will also be produced.)

• A Good Practice Note on putting aid on budget, addressed to aid donors as well as to partner governments. The Note will draw from Outputs 1 and 2.

10. The draft Synthesis Report and Good Practice Note will be reviewed in the CABRI Annual Seminar in December 2007 and in the SPA Working Group and Plenary meetings in February 2008. In addition, the work will be discussed in the December 2007 meeting of the DAC Joint Venture on Public Financial Management.

Input to Accra High Level Forum

11. Between December 2007 and February 2008 SPA and CABRI will consider how to present the key findings and recommendations from the consultancy in a form suitable to feed into the Accra HLF process.

12. Some of the findings and recommendations may be incorporated in the outputs of the DAC Joint Venture on Public Financial Management.

Contact Point: Peter Dearden, DFID (p-dearden@dfid.gov.uk)
SPA WORKING GROUP ON CAPACITY FOR AID MANAGEMENT

Background and Objective

1. The Strategic Partnership for Africa (SPA) Capacity Development Working Group started its work in 2006 with a focus on the interface between capacity development and aid management in the broader context of capacity development for accountable public resource management and development effectiveness.

2. Phase I of the Group’s work entailed a Stocktaking Paper (in 2006) based on desk review of aid management systems and capacities in 15 countries, including 13 in Africa plus Haiti and Vietnam. Drawing on the findings and recommendations of the stocktaking exercise, the Phase II work program (2007) involves preparation of nine country case studies (Gabon, Ghana, Mali, Mauritania, Mozambique, Rwanda, Sierra Leone, Tanzania and Zambia) and a Synthesis Report.

3. The study will review of aid management experiences of these countries, assess the effectiveness of existing aid management mechanisms in place and the capacity requirements associated with these mechanisms, and offer recommendations on addressing the related capacity development requirements. The work will seek to evaluate, among other factors, the role and practices of development partners in helping address these requirements.

Scope of Work and Key Research Questions

4. The study will define the core dimensions of effective aid management and take up the following basic questions:

   - What capacity is needed for effective aid management? (demand side) What is the quality of the core dimensions of aid management in the particular country and what are the underlying factors influencing the quality of those dimensions?

   - To what extent do existing methods and approaches of aid delivery strengthen and build the needed capacity for its development? (supply side).

   - What reforms and reinforcement measures are needed to improve the quality of the core dimensions for effective aid management.

5. The analysis will use PFM Action Plans of these countries as points of entry for its assessment and also look at the country’s experience with regards to the quality and use of key instruments for public resource and for effective aid delivery to the areas/sectors for which it was meant. In all cases the thematic coverage will be on what governments ought to do to develop capacity for aid management, what donors ought to do, and how domestic accountability can be facilitated and promoted. The study will aim to offer insights on the role of other actors (other than government and the donors) in the domestic accountability system.
Input to Accra High Level Forum

6. On the basis of the findings of the country case studies and the Synthesis Report, the SPA CDWG will draft a Guidance Note on capacity for effective aid management as input to the Accra High Level Forum.

Contact Point: SPA CDWG Co-Chairs:- Tanzania and World Bank
   Tanzania: Samuel Wangwe (swangwe@daima.co.tz)
   World Bank: Elene Makonnen (emakonnen@worldbank.org)
USE OF COUNTRY SYSTEMS FOR ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Overview

1. In the Paris Declaration donors committed to use country systems (UCS) to the maximum extent possible and where UCS is not immediately feasible to establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures. In this context, the Multilateral Financial Institutions – Working Group on Environment (MFI-WGE) has provided a forum for discussion and dissemination of initiatives in this area concerning environmental and social safeguard policies, including environmental impact assessment (EIA).

2. To date the World Bank has developed a policy and undertaken a pilot program of the UCS. The Inter-American Development Bank (IDB) has included provisions for UCS in its new environmental and social safeguards policy, while the Asian Development Bank (ADB) is also proposing to include similar provisions in its revised safeguards policies. The African Development Bank (AfDB) is working with the World Bank to pilot the UCS approach on selected projects. Progress on the UCS is being regularly discussed and disseminated within the MFI-WGE.

3. With respect to environmental assessment, donors and partner countries jointly committed in the Paris Declaration to: strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; develop and apply common approaches for “strategic environmental assessments” (SEA) at the sector and national levels; continue to develop the specialized technical capacity necessary for environmental analysis and enforcement of legislation; and pursue similar harmonization efforts on other cross-cutting and thematic issues. In this context the World Bank and OECD/DAC have established a working group on SEA that has undertaken and disseminated a series of activities and seminars on the use of SEA. The outcome of this work has been disseminated through the MFI-WGE, International Association for Impact Association (IAIA) and other fora.

World Bank Pilot Program on the Use of Country Systems

4. As the Paris Declaration was being developed, the World Bank was concluding two years of preparation involving extensive internal deliberations and external consultations on the terms of reference for a pilot program to globally test UCS for environmental and social safeguards, including Environmental Assessment. In March 2005, the Executive Directors of the Bank approved a new Operational Policy 4.00, on “Piloting the Use of Borrower Systems for Environmental and Social Safeguard Issues.” OP 4.00 authorized the Bank to undertake a series of pilot projects in a diverse set of regions and countries, in which borrower safeguards would be analyzed and assessed with respect to their “equivalence” to corresponding Bank safeguard policies and, equally important, their “acceptability” in terms of effective implementation.

5. To analyze equivalence the Bank provided an annex to OP 4.00, Table A1, in which the eight Bank environmental and social safeguard policies were distilled into a number of key objectives and operational principles that would be applicable to borrower systems (as distinguished from donor-specific procedures). For both equivalence and acceptability, OP 4.00 requires that borrowers agree to fill substantive gaps between legally-based administrative requirements and practices applicable to the
prospective Bank-funded projects and the corresponding Bank safeguard requirements. These gap-filling measures are fulfilled prior to approval or in some cases during project implementation as a condition of the finance agreement.

6. Six World Bank supported pilot projects have been approved and are under implementation as of November 2007. Pilot countries to date include Bhutan, Egypt, Ghana, Jamaica, Romania, and Tunisia. Additional pilot projects are in preparation in India, South Africa, and Tunisia. In addition, the Bank is collaborating with the AfDB to apply UCS to an AfDB-funded project in Uganda. Sectors include rural road construction, industrial pollution abatement, rural energy access, urban social services, urban infrastructure, electric power transmission and protected areas conservation.

7. A formal evaluation of the pilot program recently concluded. It indicates that UCS pilots can improve borrower ownership of safeguards and World Bank-borrower working relationships due to the interactive versus prescriptive process, extended dialogue with World Bank staff, and respect accorded to country systems. Harmonization of donor requirements can be advanced both directly through partnership in UCS pilot projects and indirectly as other donors recognize country systems in follow-on work. The overall recommendation from this evaluation is to expand and scale up UCS from the project to the country level so as to maximize benefits and minimize costs, with dedicated budgetary support for analytical work and capacity building. The World Bank’s Board of Executive Directors is scheduled to consider a scaled-up approach to UCS in December 2007.

Proposed Contributions to Accra

8. The MFI-WGE proposes to organize with the OECD Environet up to three complementary workshops in Accra: (a) “Opportunities in and Challenges to the Use of Country Systems for Environmental and Social Safeguard Policies;” (b) “Strengthening the Capacity of Public and Private Sector Institutions to Address Environmental and Social Dimensions of Development Plans, Programs and Projects;” and (c) “Experience with the Use of Strategic Environmental Assessments.” The World Bank would be the lead party for the MFI-WGE in the organization of these sessions, working closely with our colleagues in the OECD/DAC.
LEGAL HARMONIZATION INITIATIVE

Introduction and Summary

1. The World Bank’s Legal Vice Presidency (LEG VPU), together with the Operational Policy and Country Services Vice Presidency (OPCS), is launching a Legal Harmonization Initiative (LHI) to support the implementation of commitments to improve aid effectiveness through harmonization and alignment undertaken in the Paris Declaration. LHI is aimed at progressively harmonizing operational policies, practices and documentation among IFIs and bilaterals, on key legal issues.

2. LHI would provide an ongoing forum for legal, operational and policy advisers from the IFIs and bilateral aid agencies to discuss legal and policy issues surrounding the harmonization and alignment agenda. The initial focus of the LHI is expected to be on memoranda of understanding among co-financers of operations, an area which we believe could result in a relatively “quick win” to reduce transactions costs for both donors and partner countries. The LHI would also serve as an important mechanism for more systematic knowledge sharing and permit close consultations and cooperation among IFIs, and bilaterals.

Background and Rationale for LHI

3. As the commitments under the Paris Declaration to improve aid delivery and management and change existing business practices are translated into action, it is becoming increasingly evident that the role of lawyers in the implementation process at the country level is critical. Together with the operational and headquarter policy advisers, legal personnel are facing new challenges: fiduciary procurement, financial management procedures, governance and anticorruption measures, involving multiple donors in joint financing, pooled funding, and trust fund arrangements, often associated with programmatic approaches and governed by MOUs, have become increasingly common.

4. In this evolving context, we believe that operational and policy advisers, and legal counsel, working together in a more systematic fashion, can contribute significantly to harmonization and alignment. All have a key role in developing operational policies and procedures, and rolling out and interpreting these policies and procedures in the context of actual harmonized and aligned projects and programs. The involvement of all three groups of practitioners is critical to identifying and addressing potential legal, operational and policy issues—particularly (but not exclusively) mandate, fiduciary and safeguard issues—before they become obstacles to effective progress.

5. Development institutions face common legal challenges in a variety of policy matters relevant to the activities they finance. Sharing knowledge and experience in these areas can help in developing solutions on matters of common interest. More importantly, developing joint solutions to these issues can facilitate harmonization of approaches, and thereby facilitate joint operations. These institutions also face common legal and policy challenges when they partner in an operation. Issues may relate to conflicts between their respective policies or in their interpretation, or they may relate to procedural aspects of their collaboration. The issues may also relate to the way in which they partner.

Issues for Consideration

6. A list of possible current legal and policy issues which might be addressed as part of the LHI is set forth below:
• **Knowledge sharing:** Developing and mainstreaming mechanisms to facilitate closer consultation and cooperation among the lawyers, policy and operational advisers of development institutions and more systematic knowledge sharing.

• **Operational Challenges:** (i) Improving MOUs as a tool to coordinate activities when partnering in a particular financing. (ii) Facilitating the coordination of joint project financing through sector-wide approaches (SWAs). (iii) Facilitating the efficient operation of multi-donor trust funds (MDTF). (iv) Expanding and harmonizing approaches to disclosure of information. (v) Facilitating the use of country safeguard and fiduciary systems in joint operations. (vi) Reviewing the desirability and feasibility of harmonizing the MDBs standard terms and conditions for legal agreements.

7. The LHI could be expanded to include other issues as they arise, or to explore and address issues not initially identified as priority. The LHI could eventually become a permanent forum to engage on legal and policy issues of common interest to donor institutions and partner countries.

**Next Steps**

8. It is expected that the first LHI roundtable will be held in January 2008. Among other things, this event would identify priority issues, set up virtual working groups to tackle these issues and agree on the timing and venue for future roundtables. The principal output of this first roundtable would be an Action Plan to address these priority issues.

9. At the Accra High-Level Forum, we intend to provide a progress report on the implementation of the LHI.
TECHNICAL COOPERATION (TC) FOR CAPACITY DEVELOPMENT (CD)

Context, Purpose, Membership, Relations with Other Work

1. The concept of the new consensus on CD has been widely accepted by developing countries and donors alike, as articulated in the Paris Declaration (PD). International efforts have been made to operationalize the concept, especially as a part of the implementation of the PD. This has led to increased attention on how to make TC more effective for CD. While various aid instruments are used to support CD, TC constitutes a major instrument. It also has a role to complement other instruments. However, the effectiveness of TC has been perceived as mixed. Improvement of TC thus has been seen as one of the critical issues to operationalize the new CD consensus.

2. The purpose of the study is to help move forward the current discussions and efforts for improving TC, by providing empirical evidence on how to make TC more effective as a part of the overall drive towards country-led CD. The study is made up of country studies and a synthesis study. Country studies examine the overall situation of TC at the national level; actual TC practice in specific sectors/thematic; and factors influencing the results of TC and lessons-learned for effective TC for CD. The synthesis study, based upon the country studies, analyzes the situation of TC and its contribution to CD in different country context and sectors/thematic areas; extracts lessons learned; identifies good practice; and formulate action-oriented recommendations to make TC more effective for CD.

3. The study is carried out in a way to make utmost use of and add values to existing studies. Such added values include: (a) country-led approach to fully reflect developing countries’ views and experiences, (b) promotion of knowledge production and exchange with special emphasis on mutual learning among developing countries, (c) examination of TC and its contribution to CD from wider perspectives, within a broader context and efforts toward CD, and (d) deeper analysis of good practices to provide concrete examples of what works in ensuring actual results on the ground. The study also attaches importance to the synergy with on-going initiatives. The study is conducted, for example, in a way to complement each other with the SPA CDWG study; to be coordinated with the LenCD activities; and to be integrated with the country-level initiatives in formulating CD strategies and/or TC policies.

4. The geographical focus of the study is on Asia and Africa. Countries for the study were selected, combining objective criteria such as inclusion of different types of countries and self-selection of the countries to ensure country demand and ownership. Members of the study are:

- Developing Countries:
  - Asia Cambodia, Laos, Malaysia, Thailand, Pakistan, and Vietnam
  - Africa Ghana, Kenya, Malawi, Tanzania, and Zambia

- Donors: ADB, BMZ, DFID, GTZ, JICA, UNDP, and World Bank.

5. The study is jointly managed by the members from both developing countries and donors at the global level; and each country study is led by respective developing country.
Output, Process, Timeframe, and Progress

6. The outputs of the study will be (a) a study report containing country studies and a synthesis study and (b) a booklet summarizing lessons learned, good practice and action-oriented recommendations especially for the use of policy makers. The report and booklet, to be published in the joint names of study members, are intended for wider distribution at the global level on such occasion as the HLF-3 as well as at the country level through country workshops.

7. Timeframe of the study is as follows:

- October 2007: International workshop 1 (Bangkok)
- October 2007-February 2008: Country study
- March 2008: International workshop 2 (Africa)
- April-June 2008: Synthesis study, publication
- July 2008: Country dissemination workshop
- September 2008: Dissemination at the HLF-3

8. The first international workshop was held from 8 to 9 October 2008 with the participation of study members. The overall framework, basic design and methodology, and management structure of the study were discussed and agreed, fully reflecting developing countries’ views. Experience of developing country members in CD and TC was also shared through country presentations. Based upon the agreements at the workshop, each developing country member is currently preparing for the implementation of country study in collaboration with the country-level stakeholders, by formulating a country study team, selecting sectors/thematic areas, and developing specific country study TOR. The country study is planned in a way to ensure harmonization and synergy with on-going initiatives; also, existing country system and aid coordination mechanism are utilized as much as possible to implement the country study. Country-level workshops and field survey are planned in each study country

(For more information and progress of the study, please refer to the study website: http://www.jica.go.jp/cdstudy/new/index01.html)

Contribution to the 3rd HLF

9. We intend to provide the above-mentioned study report and booklet. The study, by providing empirical evidence and action-oriented recommendations, is expected to contribute to the concrete discussions and agreement at the HLF-3 on how to effectively promote country-led CD. Examples of the expected contribution of the study include:

- empirical evidence on developing countries’ experience and lessons-learned in implementing country-led CD strategies; and recommendations on more effective implementation of the strategy by developing countries, together with those on more effective support by donors

- empirical evidence on current practice of “coordinated TC” with the in-depth analysis of promoting and impeding factors; recommendations on more effective implementation of “coordinated TC” with examples of benchmark practice; and the recommendations on further improvement of the definition and monitoring of the indicator 4.
• empirical evidence on current practice of “division of labor” at the level of specific sectors/thematic areas with the analysis of the results of such “division of labor” in CD and achievement of aid effectiveness/development results; recommendation on effective “division of labor” based upon complemetarity among donors and aid instruments, with examples of benchmark practice.

• empirical evidence on current practice and lessons-learned of “south-south cooperation” with the analysis of its contribution to CD; and recommendations on more effective utilization of “south-south cooperation” for CD, with examples of benchmark practice.
EDUCATION FOR ALL – FAST TRACK INITIATIVE (FTI)

Background:

1. The Education for All – *Fast Track Initiative* (FTI) is a global partnership to help low income countries to make faster progress towards the MDG target of providing universal access to a good quality primary education by 2015. The FTI is supported by all of the major bilateral donors working in the education sector as well as the World Bank, UNESCO, UNICEF, the EC and other multilateral agencies. In addition to providing over $1 BN direct financial support\(^{18}\), the FTI also strongly promotes more effective use of all aid in line with the Paris Declaration by encouraging donors to align their support to the greatest extent possible behind a single nationally led education sector plan.

2. The last FTI Technical Meeting in Bonn (May 2007) agreed that the FTI Secretariat should develop a proposal for a light touch mechanism to monitor the implementation of the Paris Declaration in the education sector, which would feed into the broader Paris monitoring exercise.

Proposed Contributions to the HLF 3:

3. We would suggest that the FTI could offer three thematic contributions which should be of interest to the participants at HLF3.

   1. The challenges of turning the Paris Principles into action in the education sector. There have been intensive discussions among all of the FTI Partners over the past six months on practical measures to turn the Paris Principles into action in the education sector. A task team including the World Bank, the EC and senior representatives from most of the major bilateral donors is currently developing proposals to strengthen the FTI country level processes and in particular to find ways to harmonize financial arrangements and safeguard requirements for each agency so that they can be addressed upstream in a joint appraisal of a single national education sector plan. It is likely that by the time of the Accra meeting these proposals will have reached an advanced stage and could be presented, along with one or two country examples of good practice. Many of the lessons learnt by dealing with these issues in the education sector will be generic to other large service delivery ministries.

   2. Monitoring the implementation of the Paris Declaration in the education sector. The FTI Secretariat has been asked to develop a proposal for a ‘light touch’ mechanism for monitoring the implementation of the Paris Declaration in the education sector which would complement and supplement the broader Paris Monitoring exercise. The Secretariat currently collects data from 32 countries on basic education inputs, outputs and results. This data includes information on financing for the education sector – domestic as well as ODA. The current thinking is to strengthen this data collection and to add a module on the Paris Indicators to the information being requested. Over time, this would provide a substantial additional source of information for the OECD DAC and for partner countries on progress on aid effectiveness in education sector. This could provide important lessons and a demonstration effect for other sectors. It is anticipated that the proposal on monitoring aid effectiveness in the education sector will be available (at least in draft form) by September 08.

\(^{18}\) The FTI currently has pledges of just over $1.3BN through 2009 for the FTI Catalytic Fund and the FTI Education Programme Development Fund. These are multi donor trust funds administered by the World Bank.
3. **Aligning global initiatives with country level processes**\(^\text{19}\). The FTI is an active member of the Global Programmes Learning Group\(^\text{20}\) which is seeking to share lessons across global programmes on ways to improve the operations of global initiatives so that they support national development efforts. As a follow up to the OECD DAC forum on Aid Effectiveness and Global Programmes in Paris last year, the Group has commissioned a short analysis on lessons learnt on aid effectiveness in global programmes which will synthesize innovatory approaches to mobilizing and delivering aid for better results which have been developed by global programmes over the past few years, as well as developing a set of proposals for improving practice. This analysis is under way and findings will be available in time for the HLF3. Further details on this will be available after the next meeting of the learning group in Geneva in December.

**Additional Note: External Evaluation of FTI**

4. The FTI Steering Committee has commissioned a major independent evaluation of the FTI. The current timetable proposes that the evaluation should be launched in March 2008 and produce a draft report by November / December 2008. The evaluation will commission a series of country case studies which are likely to look at the impact of the FTI at country level, including its impact on donor behaviour and increasing aid effectiveness. It is possible that preliminary findings from the evaluation will be available in time for HLF3. If not, the WP EFF may wish to note the evaluation and include it as part of their planning for presentations in 2009.

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\(^{19}\) This presentation would ideally be made jointly with representatives from other global programmes.

\(^{20}\) This group is lead by the Global Fund for Aid, TB and Malaria (GFATM) and includes GAVI, GEF, CGIAR and Cities Alliance among others.
INFRASTRUCTURE SECTOR

1. Context and the main objectives of the study

1. The Paris Declaration has a strong country focus, and development partners acknowledged that when applying the declaration, its commitments and its indicators, they would take into consideration the specificities of the country context. In particular, substantial differences exist between sectors, especially between such sectors relying on rather large upfront capital investment, like some infrastructure sectors, and other sectors requiring financing of longer term recurrent costs, like health, and these differences could influence the way partners apply the Paris Declaration.

2. This study has two objectives. The first objective is to examine how the principles of the Paris Declaration have been applied so far in the infrastructure sector (in both categories of sub-sectors – with lumpy large and small investments), with an analysis of the general obstacles and challenges encountered. The second objective is to document and prepare detailed case studies of successful harmonization and alignment cases in the infrastructure sector from a diverse set of countries.

2 Membership and relations with other work

3. The study is still at preparatory stage. Japan and the World Bank are leading the preparation process, and we expect AsDB, and AfD (France) will join the study. The study will be built on the existing studies and on the existing efforts made in individual country as well as regional contexts, such as Water and Sanitation Program.

3. Provisional plan of the work and consultation process

• September - December, 2007: Planning and Preparation

• January – April, 2008: Country case studies

• April – June: Consultation at regional workshops for HLF-3, etc.

• June – August: Finalising the synthesis report

4. Planned outputs

4. The outcome of this work expects to inform the HLF some evidence-based practical guidance to donors, partner countries and other stakeholders on aid effectiveness in the infrastructure sector, and emerging good practices on harmonization and alignment in the infrastructure sector.

5. Contribution to HLF-3

5. By highlighting successes and challenges in applying the Paris Declaration in the infrastructure sector, an area relatively less studied than other like health or education, this study is expected to be one of the valuable contributions for HLF-3, and its findings will contribute to various round tables.