DAC Task Force on Donor Practices

SUB-GROUP ON THE PRE-IMPLEMENTATION PHASE OF THE PROJECT CYCLE

Summary Record of the First Meeting, held in Paris on 15 May 2001

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I. WELCOME AND OPENING REMARKS

1. The Secretariat (Mr Fritz Meijndert) welcomed participants to the first meeting of the Sub-Group on the Pre-Implementation Phase of the Project Cycle and briefly explained the background to the establishment of the sub-group as well as the context in which it would operate. The DAC Senior Level Meeting of December 2000 had agreed to establish a Task Force on Donor Practices with a two-year mandate. The objective of the Task Force was to strengthen ownership through identifying and documenting donor practices which could cost-effectively reduce the burden on the capacities of partner countries to manage aid and lower the transaction costs involved. For further details, Mr Meijndert referred participants to the terms of reference of the Task Force [DCD/DAC/TFDP(2001)1].

2. At the first meeting of the Task Force it was decided to establish three sub-groups, on:
   • Financial Management and Accountability (chaired by Mr Paul Bermingham of the World Bank).
   • Pre-Implementation Phase of the Project Cycle (chaired by Mr Richard Teuten of DFID, United Kingdom).
   • Reporting and Monitoring (chair still vacant).

The sub-groups were expected to meet before the next meeting of the Task Force (7-8 June 2001) to identify the issues they deemed desirable to address within their domain and report back to the Task Force at its next meeting. In pursuing the issues within their domain, the sub-groups were also asked to give due attention to the need for capacity building and appropriate technical assistance in partner countries, as well as to the specific needs of sector-wide approaches (SWAPs).

3. Mr Meijndert also noted the Task Force’s desire to involve partner countries in the work of the Task Force and its sub-groups, and to actively collaborate with multilateral institutions. In this context, he referred to the recent meeting of the Development Committee where the issue of harmonisation had been discussed.

II. INTRODUCTION BY THE CHAIR

4. Mr Peter Landymore (DFID, United Kingdom) explained that he had agreed to stand in for Mr Teuten, who was ill, to chair the first meeting of the sub-group. In preparing for the meeting, he had produced a list of issues which Members might wish to consider during the course of the meeting. The list is attached as Annex 2.

5. Mr Landymore then introduced the agenda for the meeting and requested Members’ agreement with the items listed. There being no modifications proposed, he turned to the next item on the agenda.

III. MEMBERS’ INTEREST AND EXPECTATIONS

6. The Chairman invited Members to indicate their interest in the subject matter and their expectations from the sub-group. The discussion showed a clear commitment to harmonisation efforts. The pre-implementation planning phase was generally considered to be an important phase where donors could undertake joint efforts. The discussion also showed the large differences between the aid systems and procedural requirements of the donor agencies around the table, in particular with respect to the flexibility of these systems and requirements. The work of the sub-group should focus on those issues that
could lead to a reduction of the burden on partner countries’ administrations, and where possible, on “quick wins”. Some Members, however, cautioned against settling for the “lowest common denominator”.

7. On process issues, Members showed general interest in taking the CDF and PRSP processes a step further. One possibility in this context was to get involved in the Joint Staff Assessments of the Bank and Fund. So far, this had not proven to be feasible. As a consequence, several bilateral donors, for example in Bolivia, had produced their own assessment of the PRSP. However, the question remained as to how many bilateral donors could be involved before the process became too complicated for partner countries; and how to reconcile views at the field-office and headquarters level. The question was also raised as to whether the PRSP itself was the appropriate focus for donor co-ordination - after all, experience so far with the PRSP process had shown that these did not address all the concerns of bilateral donors. Perhaps it would be better to focus at a lower level, in particular on deepening the analysis at the sectoral level.

8. The question raised in the note circulated by the United Kingdom on agreeing to a “de minimis” convention (whereby, where their commitment did not constitute more than 5% of the aid resources made available in any given year for a particular sector in a given country, they would desist from pursuing such projects) also drew some interest from Members around the table. However, it was considered to be a difficult issue and one which did not belong to the category of “quick wins”. The discussion on this issue revealed another problem, namely that of many donors working in the same sectors in a given country.

9. The suggestion made in the note by the United Kingdom to share design and appraisal processes by co-financing projects prepared by other donors and using their project documentation was also seen as a possible way to reduce the burden on partner countries’ administrations and to lower transaction costs. It was also suggested that such sharing did not need to be confined to co-financing.

10. On methodological issues, the discussion showed that few Members around the table were still using the classic Logical Framework (LF). Reasons for this included the recognition that the LF did not provide the necessary flexibility for co-ordination with other donors. There were also doubts that the LF was applicable to larger-scale activities, such as sector-wide approaches. Some Members had moved into so-called “results frameworks”. Others were considering moving in that direction. The United States, for example, was now working with a system where agreement was reached at the political level on some general objectives and where the subsequent reporting showed to what extent these objectives had been reached, rather than on the individual activities funded to achieve the objectives. The UNDP said they were using a similar system.

11. Most Members around the table had requirements for identifying risks to the achievement of project outcomes. However, not all required that such risk assessments lead to separate reports. In these cases, it was sufficient to state in the appraisal memorandum that the assessments had been carried out. Risk analysis in the case of the Netherlands included sectoral and institutional analysis, looking for weak and strong points in partner countries’ systems. All Members also looked at the financial sustainability of projects, but not everybody considered alternatives. Making use of analyses carried out by others seemed already to be common practice to some extent. Some Members required in such cases that the use of someone else’s analyses be explicitly underpinned in the appraisal memorandum.

12. Finally, it was considered that sharing each others’ procedures might be useful. This could be done, for example, by setting up a website. Mr Meijndert noted that the Secretariat already envisaged setting up such a website. How quickly this could be realised would depend largely on the possibility of recruiting the envisaged support staff for the Task Force.
IV. PRIORITIES FOR WORK PLAN

13. Members agreed that one of the first things that should be done was to make their various procedures available to each other. Some noted that their procedures could already be found on their agency’s website. It was also suggested that the various procedures be made available to partner countries. In a number of cases this would not be possible in the short term, because they only existed in the Member’s own language. Even where donor procedures existed in a language accessible to partner countries, it was considered preferable to remove the jargon with which most procedures were loaded.

14. Getting feedback on priorities from the field - from field offices and partner countries - was considered to be extremely important. The envisaged needs assessment study might play a useful role in this respect. Through information from the field it might also be possible to identify good practices in joint planning exercises.

15. Some Members expressed interest in undertaking work towards establishing a common framework for risk analysis. Norway indicated that it might be able to follow up on this issue. The United Kingdom indicated an interest in contributing with its own experiences in the field.

16. Other issues mentioned (some of which were discussed earlier) included:
   - CDF/PRSP (note: here it is important to liaise with the SPA in order to avoid unnecessary overlaps).
   - The “de minimis” issue, in particular the crowding of donors in some sectors.
   - Results frameworks (note: the DAC Working Party on Aid Evaluation has done some work on results-based management which might be of interest to the group).

V. NEXT STEPS

17. The Secretariat was requested to draft a work plan and circulate this to Members for comment within the next few days. In commenting on the work plan, Members would indicate their interest in and/or availability to take the lead in pursuing one or more issues. The draft work plan would be revised accordingly and then submitted to the Task Force for discussion at its next meeting (7-8 June).

18. In response to the question as to when the sub-group should next meet, Mr Meijndert said that, given the probability of the Task Force meeting again in November, the sub-group might wish to meet in early October. In the meantime, maximum use should be made of electronic means for exchanging information and ideas. In this context, there would be an important role for the website which the Secretariat intended to set up. How quickly this could be realised would depend largely on the possibility of recruiting the envisaged support staff for the Task Force.
ANNEX 1:

LIST OF PARTICIPANTS

Chair/Président: Mr Peter Landymore (DFID, UK)

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Name</th>
<th>Organization</th>
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<tr>
<td>Allemagne/Germany</td>
<td>Mr Frank Fass Metz</td>
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<td>Mr Fritz Meijndert</td>
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ANNEX 2:
LIST OF ISSUES, PREPARED BY DFID, FOR CONSIDERATION BY THE SUB-GROUP

Process Issues

- CDF/PRSP Processes: an unfinished aspect of the above is the question of country level donor co-ordination, and the allocation of roles/responsibilities. How can we strengthen and institutionalise a process for a distribution of roles between donors, collectively managed with the recipient government?

- Are bilateral aid talks really necessary? Can we find an alternative mechanism which is less costly to recipient governments in administrative resources?

- Is there scope for a systematic strengthening of the economic and sectoral policy work underpinning PRSPs (and their periodic reviews and revisions), possibly supported by pooled country-level grant-funded technical assistance programmes?

- Could donors agree to a “de minimis” convention whereby, where their commitment would not constitute more than 5% of the aid resources made available in any given year for a particular sector in a given country, they would desist from pursuing such projects?

- To what extent can donors share design and appraisal processes by co-financing projects prepared by other donors and using their project documentation?

Methodological Issues

- To what extent do donors still base project appraisal on Logical Frameworks? Could a standard Logical Framework be agreed?

- Is the Logical Framework only appropriate for the conventional investment project or institutional development project, and not for programmatic approaches?

- Is there scope for agreement on a common standard of development justification, based on standard tests of development effectiveness (including, but not restricted to, cost benefit analysis)? Is there more scope for commonly agreed guidance or appraisal standards in particular sectors?

- How do donors address the question of proportionality, ie ensuring that project development does not require resources disproportionate to the scale of the project in question?

- Risk Analysis and Management: How prominently, and how rigorously, do donors identify the risks to the achievement of project outcomes? Is conditionality effective at project level?