

Round Table 3: Harmonisation

Donors' actions are more harmonised, transparent and collectively effective.

The Paris Declaration

Key Points from the Evaluation

1. The evaluation does not suggest backsliding on harmonisation but nor does it indicate any overall trend of progress, with the exception that the European Union Code of Conduct of 2007 is seen to have strong potential to bring further harmonisation among EU Members. As in other areas, the indicators selected for monitoring the harmonisation commitments were found to be of only very partial help in the evaluations' overall assessments of implementation.

2. The responsibility for changes to implement harmonisation goals falls primarily on donors. At the same time, the evaluations make clear that, as in other areas, leadership, initiative and support from host partner countries are important, and often indispensable, factors for progress. Limited capacities for these tasks in some partner country systems are cited as an obstacle to further progress, so that investment in developing capacity can strengthen the base for further harmonisation. Given the donor evaluations' documented concerns about heavy new resource demands on their staff to carry out this work, re-tooling is also required in the donors' own systems.

3. Debates about the particular instrument of budget support – especially in some countries and circles where that mechanism is so controversial – run the risk of overshadowing the broader harmonisation agenda and diverting attention from a number of achievements and other harmonisation needs and commitments spelt out in the Declaration. The efficiency and effectiveness cases for the benefits of harmonisation and pooling of effort in many of the other areas could help enlist wider public and political understanding and support for implementing the Declaration. Given the uneven progress being achieved with common arrangements and simplified procedures, sharing and replicating relevant good practice is seen as a high priority.

4. Basic issues of confidence need to be satisfied for harmonisation to meet expectations. This is the case even for those donors who do not have to overcome “harmonisation” problems within their own systems, major formal restrictions on entering into harmonised arrangements, or strong pressures for direct visibility and accountability for their own aid.

5. While commitment to harmonisation goals is needed to open the door, trust in other donors' and partners' systems – best built

through the experience of working together – is even more important in leading to concrete actions. The widespread practice of parallel, rather than pooled, financing for program-based approaches can be seen as evidence of donors “hedging their bets” on the integrity and likely success of the measures or as an intermediate step, where systems are not yet considered strong enough.

“Complementarity of European Union donors is a long-debated issue within the European Union (EU) with relatively few results until now. In May 2007, a code of conduct was agreed by the EU Council of Ministers. The document makes explicit reference to the Paris Declaration and outlines eleven principles on how to coordinate among donors. EU donors should have a maximum engagement per country in three sectors – and not more than five EU donors should engage in any partner country.

Germany report ”

“...there is a perception at field level, that HQ wants visibility especially on cross-cutting issues, because it facilitates accountability to the interest groups at home. This however, pushes towards project-type aid modalities, where visibility is higher as results can be more easily attributed to a specific well-targeted intervention; hence a potential conflict with the harmonisation agenda.

Denmark report ”

“Not all the developments [towards harmonization] are considered to be positive. Donors forging partnerships amongst themselves may undermine the position of the government, which is often weak already.

Netherlands report ”

6. Finally, some findings in these evaluations suggest strongly that the role and importance of harmonisation within the Paris Declaration agenda may be changing, particularly in taking second place to the drive for greater alignment with country systems. A number of studies of strong partner countries show that they have already followed this course and both country and donor studies directly suggest that some measures of harmonisation and division of labour, without strong country engagement and leadership, can even work against alignment and country ownership.

Key Recommendations

The following steps, derived from the evaluation, are recommended for the remainder of the Paris Declaration review period up to 2010, establishing a clear basis for the five-year assessment of progress and further course corrections at that time.

It is recommended that **partner country authorities:**

1. Announce, before the end of 2008, a manageable number of prioritized steps they will take to strengthen their leadership of aid relationships up to 2010, in the light of lessons from monitoring, evaluations and other stocktaking to date.

2. Build on the interim reviews of implementation in 2008 to ensure that they have in place a continuing transparent mechanism, ideally anchored in the legislature, for political monitoring and public participation around aid management and reform.

3. Give clear guidance to donors who are supporting capacity-strengthening on their priorities for assistance to manage aid more effectively, consistent with their main development concerns.

This would require a coordinated plan or at least a prioritized list of key needs by the end of 2008. Such a resource would help to maintain momentum in priority areas, and also help secure and steer medium-term capacity-strengthening support from development partners and provide a basis for assessing their support.

4. Work out, by 2010 at the latest, adapted systems of managing for results that will best serve their domestic planning, management and accountability needs, and provide a sufficient basis for harnessing donors' contributions.

Such systems will provide the necessary base for ensuring the alignment and harmonisation of development assistance, and will strengthen the information underpinnings for mutual accountability, mainly as a by-product of transparent domestic accountability.

It is recommended that **development partner or donor authorities:**

5. Update their legislatures and publics in 2008 on progress to date with aid effectiveness reforms, underlining the need and plans for further concrete changes to be implemented before 2010 to accept and support country leadership in aid implementation and greater donor harmonisation.

These updates and plans should stress the need for a "mature risk management" approach - accepting and managing the risks that may sometimes be implied in these changes, and recognizing that ineffective aid is the most serious risk of all. In different donor systems, these steps might require legislative and/or regulatory changes or adaptations. They might focus on: specific provisions to accept partners' systems for financial administration, procurement, and performance management; rationalizing and harmonizing within their own structures; greater decentralization of authority and/or staff and new hiring; or special (e.g. multi-year) budgetary allocations or commitments to provide more predictable aid.

6. Before the end of 2008, announce their further detailed plans to delegate by 2010 to their field offices sufficient decision-making authority, appropriately skilled staff and other resources to support and participate fully in better-aligned and harmonized country-led cooperation.

In most of the country and partner evaluations, delegating more authority to field officers has been consistently identified as the most important single step for donor agencies to improve the effectiveness of their aid in line with the commitments of the Declaration. In cases where donors have not been able to decentralize and may not be able to replicate the most successful models, they need to set out specific strategies to compensate as far as possible.

7. Specify their concrete planned steps to improve, by 2010 at the latest, the timeliness, completeness and accuracy of their reporting and projections for aid flows to feed into the planning, budgeting and reporting cycles of partner countries, together with other donors. Make the needed provisions for multi-year allocations, commitments, or firm projections.

8. Provide supplementary budgets, staffing and training up to 2010 to help their own programs adjust for the transitional and new demands and transaction costs and learning needs that are being reported as major concerns in implementing the Paris agenda.

9. Allocate special resources (budgets and coordinated technical assistance) to support and reinforce countries' prioritized efforts to strengthen their own capacities to implement more effective cooperation. Work with partners to design and manage other interim means of implementation (such as project implementation units) so that they steadily enhance capacity and country ownership.