

Donor Harmonisation:

Joint Statement by Development Partners at the Kenya Consultative Group Meeting

24th – 25th November 2003, Nairobi, Kenya

Introduction

Development partners warmly welcome the Government's initiative, together with the World Bank, in convening this Consultative Group meeting. It is the first such meeting for some 7 years. This is in itself a symbol of the renewed commitment from both Government and development partners to a stronger relationship, as we work together to restore economic growth and tackle poverty.

Recent developments

We applaud the considerable efforts that have been made over the last year to build a more constructive relationship between Government and development partners than has previously existed in Kenya. We also welcome the increased openness on the part of Government to working with the private sector and civil society organisations, especially in the development of the Economic Recovery Strategy for Wealth and Employment Creation.

The effects of poor donor harmonisation and alignment¹ are well-known – including the duplication of activities, missions, monitoring and evaluation, and reporting requirements; poor information flows; unpredictability of resources; the existence of multiple conditionalities; the provision of supply-driven technical assistance; and the undermining of domestic accountability through donor priorities distorting budgetary allocations. To some extent, these conditions presently exist in Kenya. Ultimately, this weakens the development effort by diverting scarce human and financial resources away from improving the condition of ordinary Kenyans.

The Governments and agencies represented around this table, including the Government of Kenya, have expressed their commitment to addressing these challenges on a number of occasions – most recently at the meeting of the Strategic Partnership for Africa in January, and in the Rome Declaration of February 2003.

¹ For the purposes of this paper, we use the following definitions:

Donor co-ordination: the better sharing of ideas and information on activities to avoid duplication, and the establishment of structures to permit this (e.g. regular meetings, website). May involve co-ordination with Government as well. But does not lead to significant changes to policies, procedures or practices.

Donor harmonisation: refers to the extent to which there are common donor policies, procedures, and practices, through collaboration and joint programming. But may be carried out independently of Government's own policies, procedures and practices.

Donor alignment: refers to the extent to which donors use Government's own systems and processes, and channel their support through Government's own programmes and strategies. Includes the extent to which donor finances are contained within the Government's own MTEF, budget, and ERS process.

This Declaration called for greater country ownership and government leadership in the coordination of development assistance, and committed its signatories to “urgent, coordinated, and sustained action to improve our effectiveness on the ground.”

To put these commitments into practice, more needs to be done by both the Government of Kenya and by international partners. The picture presented by the reports of the individual technical working groups is currently patchy:

- In some sectors, we are starting to see the substantial benefits which can be gained from the alignment of donor activities behind Government plans and systems – for example, through the development of a sector-wide approach in education, or in the governance, justice, law and order sector. We strongly hope that this good practice can be spread across all sectors in the coming 12 months.
- In other sectors, there is good harmonisation among development partners, resulting in less duplication of activities and greater collaboration and joint programming. But this harmonisation is still largely led by development partners rather than by the relevant Ministry. In such cases more needs to be done to develop true partnerships between the sector ministries and their development partners.
- In a few areas there is still little co-ordination either between development partners or between partners and Government.

Priority actions

To strengthen our partnership for economic growth and poverty reduction, we believe that there are a number of priority actions which can be taken by both Government and development partners. On the part of Government, key actions might include:

- **The development of a Government aid policy.** Experience from elsewhere in Africa shows that an overall aid policy has been extremely valuable in providing an overall framework for the relationship between Government and its partners. With such a policy in place, Government can set out clearly how it expects its development partners to work in Kenya and to hold them accountable. We hope that such an aid policy could be finalised within 12 months from now, and would be willing to provide any support that the Government may require in drawing it up.
- **Convene regular meetings of the Kenya Consultative Group**, which is currently the key forum at which the Government and Development Partners can exchange views and review progress. The Government had indicated an intention to hold these meetings monthly, but this has not happened. Given the key roles played by both the Ministries of Finance and Planning, in our view it is essential that both play a full role in these meetings.
- **Putting the Economic Recovery Strategy at the centre of the development relationship.** Last week, the Government convened a major conference here in Nairobi to unveil the ERS Investment Programme, which set out its policy priorities for the next 5 years. Later this afternoon, partners will set out how they propose to

support the ERS. Progress in implementing the ERS is therefore key to the development partnership: however, more needs to be done to operationalise this. Therefore, development partners suggest:

1. The development by Government of a single, integrated, annual timetable linking the budget and medium-term expenditure framework (MTEF) with the ERS: this would allow development partners to use the Government's own planning, budgeting, and monitoring systems, instead of setting up their own. It would increase the effectiveness of aid by integrating it into the budget process, so that Government would get more value out of development partner resources. And it would reduce the demands on Government from a proliferation of missions, reviews, and reporting cycles, by setting out clear expectations of how different parts of the jigsaw should fit together.
 2. The establishment of a monitoring framework for the ERS, with quarterly reports on progress made available to all stakeholders, including development partners. This would allow a regular dialogue based on a shared understanding, and ensure that partners were able to take early and transparent decisions on future financing which could then be incorporated into Government's budgeting plans. This would be particularly important for those development partners who are considering whether to provide budgetary support through Government systems, subject to progress in implementing the ERS and in improving the management of public finances. Ultimately, a transparent review process for the ERS would promote greater accountability for both Government and its development partners, and would benefit all stakeholders – including the citizens of Kenya to whom the Government is ultimately accountable.
- Finally, on the part of Government, **development partners look to line ministries to provide a strong lead at sectoral level, and commit ourselves to following that lead.** As noted earlier, the picture is currently patchy. We complement those ministries involved in the education sector, and the governance, justice, law and order sector. The strong lead they have provided has resulted in better information-sharing, reduced transaction costs for all parties, the development of strategies in a participatory way and, ultimately, the provision of substantial financial support aligned behind Government's own strategy for these sectors. However, this good practice needs to be taken up by other sectors. We therefore call for:
 - as a necessary first step, Government needs to develop comprehensive, costed and prioritised sector-wide plans, flowing from the Economic Recovery Strategy and the Public Expenditure Review processes and consistent with the MTEF ceilings.
 - The relevant Ministries to establish strong mechanisms (e.g. regular meetings and a good flow of information) for co-ordinating development partners at a sectoral level, preferably also involving civil society and private sector organisations.

We believe that these few relatively simple steps would promote a step-change in the relationship between Government and its development partners, and would ensure that the Government remains firmly in the driver's seat. However, as in any

partnership, to make it work requires commitment from both sides. As development partners we will therefore:

- **Commit to respecting the leadership of the Kenyan Government.** This is an important first principle in our development relationship.
- To operationalise this, **we will establish a taskforce to look at how we can improve our co-ordination, and work better in support of Government.** We will set out to develop practical principles, in line with the commitments made under the Rome Declaration, which partners can subscribe to. Through this work we will also seek to contribute to the development of an aid policy by Government, as mentioned above. Therefore, within the same 12 month timetable, we will take stock of how much progress we have made towards increasing the overall efficiency of our assistance, and to reducing the demands placed on Government and the waste of resources brought by unco-ordinated support.
- Finally, at a sectoral level, **where there is a strong lead from Government, we will actively seek to align our activities behind it.** Where possible, we will use Government systems and processes rather than our own – including for example Government-led joint sector reviews, streamlined monitoring and reporting requirements, and the use of common procedures. We will also seek where possible to pool our resources to reduce Government transaction costs, for instance through basket funds or the provision of resources through Government budgets – or, where development partners are unable to provide such funding, the provision of resources in support of agreed activities and to an agreed division of labour. We look forward to taking this dialogue forward with greater urgency in the months ahead.

Conclusion

Our experience from elsewhere in Africa has shown that achieving greater alignment of development partner support behind Government priorities can take time. However, our experience elsewhere also tells us that this is time well-spent, and that there are considerable benefits to be gained – particularly for Government itself, and ultimately for Kenyans. We hope that over the next 12 months it will be possible to take major and lasting steps forwards which will capture these benefits, and ensure that we make best use of the limited resources available and have a greater impact on reducing poverty in Kenya.