

## Tour d'Horizon

On Monday President Benjamin Mkapa of Tanzania set the tone for the High-Level Forum on Harmonization in a well-received address that described his country's progress toward harmonization and improved development effectiveness. He highlighted work in three areas—macroeconomic environment and public financial management, the policy process, and the development of broad consultative mechanisms. Key to the process, he said, were the government's leadership of the process, the broad participation of Tanzanian society, and donor confidence in Tanzania's will and ability to carry out reforms. He offered to share the lessons of this experience with other countries and institutions and closed with an appeal "for genuine, innovative, and sustainable partnerships—nationally, regionally, and globally—to give Africa a fair chance to pull itself out of the present morass of degrading poverty and lack of voice into a world where we all have an equal stake."



President Mkapa

Mkapa had been introduced by Alfredo Mantica, Italy's Under-Secretary of State for Foreign Affairs, who noted that the efficiency of aid is weakened by the variety, diversity, and complexity of donor requirements that stretch the limits of, and overburden, partner countries' administrative systems. Mr.

Mantica help set the Forum's tone by noting, "Although we speak of transaction costs, let us be clear: in simple words we want to reduce waste to free resources, and to strengthen the key role of beneficiaries in the process." On behalf of the Italian Government, he welcomed participants to Rome, and he officially opened the Forum.

The speakers who followed Mkapa echoed many of his themes. DAC/OECD Chairman Jean-Claude Faure spoke of forging a new dynamic, one of more general development and more effective partnerships. He called on donors to move forward with harmonization and simplification, cutting opportunity costs so that more aid funds can be used for development purposes. "There is no excuse," he said, "for not doing things better."

Asian Development Bank President Tadao Chino pointed out that harmonization does not mean developing a single set of policies for all institutions and all countries. Institutions need to be able to tailor aid to their own realities and those of the countries they are assisting. President Enrique Iglesias of the Inter-American Development Bank noted that "the world at large is less interested in



the scale of our efforts than in results," but nonetheless cautioned against overlooking our successes to date on the harmonization front.

World Bank President James Wolfensohn reflected that donor institutions have not always been good cooperators, good partners, good listeners. Speaking of his own institution he said, "We have needed a cultural and personality change: we must learn to listen, simplify, harmonize, follow, lead—do whatever is necessary to improve development results." Noting that no one institution can go it alone, and that all of us must come together and demonstrate consistency and harmony, he added that "the first thing that must change is us—and surely that is the purpose of this meeting."

## Institutional Efforts and Lessons

Moving from the general observations of the opening remarks to the particulars of harmonization, the Forum's second session began with a survey of the work and conclusions of the DAC/OECD Task Force on Donor Practices, one of the foundations of the recent drive for harmonization.



Richard Manning, Task Force Chair, offered three guidelines for the way forward: harmonize the harmonization process, ensure that policies and procedures are always harmonizable (that is, flexible and alert to possibilities, not uniform), and emphasize cooperative—not competitive—pluralism. Manning issued a challenge to participants, noting that "without impetus from this meeting, and particularly from partner countries and agency HQs," the push for cultural change in the development community would lose force.

Michel Reveyrand, Vice Chair of the Task Force, stressed that "harmonization is not an end in itself but rather a fundamental step in a dynamic process of improving development effectiveness, the partnership process, and mutual accountability." His

colleague Michael Roeskau urged the need to make good practice more general, and outlined the steps DAC/OECD plans to follow up on this work.

Discussants focused on financial management, and reporting and monitoring requirements. The World Bank's Paul Bermingham noted that "fiduciary and development objectives are aligned: donors and partner countries share an interest in well-managed public finances." He stated that the harmonization agenda has moved beyond establishing principles and standards, and that we are now concerned with actions on the ground. Christoph Graf noted that nonfinancial reporting is like "writing history while it is happening," and emphasized the need to build on partner country systems, simplify

reporting requirements, and rationalize donor missions. Romania's Carmen Ghita noted one success already registered: thanks to common missions and reporting, a rural schools project in her country had been able to rehabilitate 1,200 schools rather than the original 900.

The discussion then moved to the work of the multilateral development banks' technical working groups, which laid another part of the foundation on which the development community will build to focus on action and implementation. World Bank Vice President Jim Adams opened the discussion with three brief messages. First, reform begins at home: the MDBs must change their behavior. Second, it is past time for modeling harmonization, the call now is for action and

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*(continued)* implementation. Third, we need to move from prescription to support, especially to capacity building that would create an environment in which country systems can effectively provide the framework for country-led strategies and implementation.

J. Warren Evans of the Asian Development Bank discussed the work of the MDB environment group, with particular reference to the Vietnam harmonization experience. His colleague Kunio Senga introduced Rodolfo Hernandez of the Inter-American Development Bank, who highlighted the work of the procurement task force. Philibert Afrika of the African Development Bank, and Frederic Lucenet of the European Bank for Reconstruction and Development, covered the work of the accounting and auditing task force.

During the following open discussion, representatives from many countries emphasized some of the important themes of the conference: after the important work done by the MDB technical groups it was time to address the issue of political will, including the will “to let go, and give people in the field flexibility to respond to opportunity”; to focus on reform at home (including making harmonization part of the peer review process in HQs); and to “lower our flags and share power.” Others observed that we have a long road ahead of us, and the task won’t be easy—but participants generally showed their determination to forge ahead.

## Country Voices, Agency Perspectives

The afternoon sessions brought countries (and the bilateral and multilateral agencies that work in them) front and center. The resulting discussions were among the most pointed of the day, and reminded participants that aid policies, procedures, practices, modalities, and so forth ultimately need to benefit poor people and enable them to make their voices heard. The harmonization pilot experiences in Vietnam, Ethiopia, and Jamaica; different agency approaches; and the everyday experiences of Nicaragua, Honduras, Morocco, and Cambodia—all gave an opportunity for learning.

The Vietnam pilot experience was presented by Duong Duc Ung, and discussed by Motohide Yoshikawa, John Samy, and Klaus Rohland. Discussants noted that there was very strong government ownership of the pilot, and that Vietnam had come a long way toward accounting for aid funds in its budget.

Government ownership was equally strong in Ethiopia, reported Mulu Ketsela, which was fortunate since donors seem to have presented the government with a host of challenges. Ketsela called on the

Forum to identify specific concrete action plans that should be reviewed for implementation progress in the not-too-distant future.



Among other things, Wesley Hughes saw in the Jamaican harmonization experience a donor reluctance to fully adopt a cultural shift, while Ciro De Falco noted a disconnect between donor and lender policies at the macro level, and Orsalia Kalantzopoulos spoke to the special situation of small states.

Sweden’s Jan Bjerninger and Norway’s Tove Strand illustrated the principle of delegated cooperation in their joint presentation on the subject, taking turns covering different aspects of the subject. SPA’s Giles Hervio

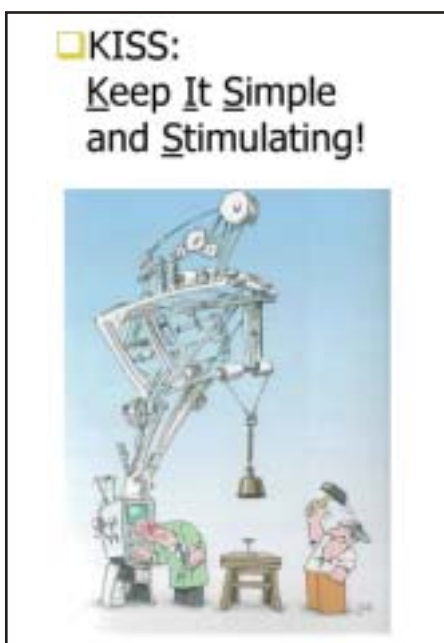
then traced the role of PRSPs in Africa, noting that although they were making a difference and that there was some progress in aligning donor assistance with them, it sometimes seemed that they simply became a new burden. Once again, participants engaged in a rich discussion of their experience with aid and harmonization.

Canada’s Len Good provided a general summary of the afternoon: “Clearly there is a real problem. But there is also a strong sense that some progress has been made in some countries by some donors. Obviously, there is a long way to go, and there are no easy solutions. We have to be realistic so we don’t give up when the going gets tough.”

### GRAZIE

*In addition to the appreciation expressed in the first issue of this newsletter, the Secretariat—on behalf of all the participants—wishes to thank Italy’s Ministry of Economy and Finance, which has hosted the High-Level Forum along with the Ministry of Foreign Affairs.*

## Memorable Quotes



Christopf Graf



“If not now, when; if not us, who?”  
Tove Strand



“Steal with pride!”  
Jan Bjerninger



“Cooperative pluralism”  
Richard Manning