

Annex 5: Donor Coordination and Harmonization in Tajikistan

1. Despite growing foreign aid in Tajikistan, resources – estimated at approximately US\$36 per capita in 2006 - remain scarce compared to the development needs. The success of the CPS implementation will also depend on continued improvements in donor cooperation and harmonization.
2. Overseas development assistance (ODA) has increased in terms of the volume of funding, the number of projects and development partners. Based on the UNDP Principals data, China has now become the largest donor in Tajikistan, followed by the United States. Their development aid accounts for, respectively, 43 and 15 percent of total aid disbursed during 2003-2007.³⁵ The WB ranks third (tied with the EC) and accounts for 7 percent. Together, China, USA, EC and WBG provide an estimated 64 percent of all development aid to Tajikistan. The IMF, which is ranked fifth, accounts for 5 percent of the total aid. The remaining 31 percent is comprised of ODA from other agencies, mostly bilateral organizations.
3. However, aid flows are unpredictable and uneven and impacts of development aid remain mixed due to ineffective donor engagement and coordination as well as weak government capacity to absorb and coordinate aid. There is greater scope for better use of aid resources by improving donor coordination and strengthening government capacity. This annex is organized as follows: first, it provides a picture of current ODA programs as well as existing coordination mechanisms in the sector; it then discusses the steps taken by the World Bank to strengthen government ownership, harmonization, alignment, results and mutual accountability.

A. An Overview of Development Aid under the proposed CPS Strategic Objectives

4. An overview of major development aid activities in Tajikistan is organized around the two strategic objectives. The mapping was based on records of aid programs from the sectoral reviews carried out as part of the JCPS) the latest draft JCPS, and updated information from the ODA agencies. The purpose of this exercise is to identify potential areas for further Bank engagement, as well as areas where the role of the Bank Group needs to be delineated.
5. The overview does not present a comprehensive picture of all activities and areas of involvement of all development partners active in Tajikistan. The mapping presented in this Annex does not capture activities of development partners that have smaller programs. In addition, many development partners only participate in the policy dialogue through the Donor Coordination Council (DCC) working groups.

³⁵ Total aid disbursed from 2003 to 2007 is estimated at about US\$1.7 billion.

Strategic Objective 1: Reducing the negative impact of the crisis on poverty and vulnerability

Result 1: Maintain Fiscal Stability

6. The ADB, EC, WB and IMF are the major development partners whose financial assistance through grants, project loans, and/or policy-based program loans contribute to macroeconomic stability, i.e., management of prudent monetary and fiscal policies. In 2009, their support has been shifting towards short-term budgetary assistance to address financing gaps in the balance of payments and fiscal account emerging from the impact of the global economic and financial crises. The IMF's ECF for 2009-12 will provide US\$70 million in 2009 to boost international reserves and support the country's external position. ADB, WB, and EC provided budget support to Tajikistan in the amount of US\$72.5 million in 2009. ADB's Development Policy Support Programs and TA projects support policy reforms related to, among others, customs modernization, revenue administration, macroeconomic management, and public expenditure issues. The Bank also coordinates closely with the IMF on policy advice and technical assistance related to macro-economic management, tax administration reforms and other structural reforms.

Result 2: Maintain access to critical public services

7. ADB, EC, and the WB have provided budget support to assist the government in protecting public spending in the social sectors (education, health, and social protection) to protect recent gains in poverty reduction and social development achieved during the past decade of strong growth. This effort is also reinforced by ongoing investment activities by several donors. In the education sector, since 2006, all donors support the government through the National Strategy for Education Development (NSED) for 2006-2015 and its subsequent action plan. The FTI Catalytic Fund is providing support to the General Education Reforms through a US\$ 18.4 million trust fund implemented by the Ministry of Education (MoE), administered by the World Bank and co-led by the WB and UNICEF. Key donor agencies (ADB, GTZ, KfW, UNICEF, USAID and WB) support a variety of interventions (loans and grants): management (data collection, including policy analysis, costing, planning and M&E), efficiency, access, quality, gender parity, and infrastructure. A Medium-Term Expenditure Framework (MTEF) linking the NSED to the budget and the Education Management Information System (EFMIS) were introduced. Per capita financing in general education will be scaled up countrywide in 2010. Joint FTI review became a good example of good donor coordination supporting the implementation of the NSED and taking pilot initiatives into a broader scale. FTI provides a basis for future SWAp by bringing donors around the government strategy, moving from the use of the project systems to the country structure, and building capacity inside those structures.

8. In the health sector, several development partners including SIDA, SDC, WB, USAID and KfW actively support the government in strengthening primary health care services, reform of the health financing system, fighting tuberculosis and malaria, improving maternal and child health and strengthening family medicine. Additional key partners (WHO and the USAID-funded ZdravPlus Project) are working on health financing reform. A broader group, which also includes UNICEF and ADB, has been active as participants in policy dialogue around implementation of the Basic Benefit Package and per capita financing in the health sector. The

Aga Khan Foundation also plays an active role in supporting primary health care and health financing reform. The EC is supporting health information management and the elaboration of a MTEF and, together with DFID and other partners, supports the development of a health sector strategy. ADB and SIDA are planning to phase out their engagement in the health sector in 2009 and 2010, respectively. Efforts are being made to improve development partner coordination and aid effectiveness in the sector. In 2008, health sector coordination has been evolving from a development partner driven process with an information sharing output only, to a sector coordination led by the Ministry of Health with the technical assistance supported by WHO and the active collaboration of other development partners. Today the dialogue between the Ministry of Health and development partners is more oriented toward joint planning and implementation of the key health sector reforms.

Result 3: Reduce risk for vulnerable groups through enhanced social protection

9. Vulnerable groups are at risk during the crisis. Reduced remittances and economic growth have led to a decline in their disposable income, and therefore increase risk to food security, especially in the rural areas. Further, the social system is too weak to provide adequate protection to the poor. In the areas of food security, there are several donors working together to provide food to vulnerable groups. UN organizations including UNICEF, FAO, and WFP are the main donors. IDA and EC are now working together to rehabilitate agricultural infrastructure (irrigation and drainage systems) in the region to generate employments and income for the population in time of crisis. In the area of *Social Protection*, EC has a long-standing engagement with the government supporting measures to improve efficiency of the Social Assistance System. Recently, the WB is becoming engaged in this area working closely with EC.

Strategic Objective II: Pave the way for post-crisis recovery and sustained development

Result 4: Strengthen the business enabling environment

10. Given the broad coverage of the CPS Results Area of *Reducing Administrative Barriers to Doing Business* this area has a large confluence of ODA programs. The July 2008 Private and Financial Sector Review, conducted by the World Bank, mapped 53 initiatives focused on PSD, 36 of which are currently under implementation, representing US\$64.7 million for the (2007-2009) period. Aside from partnerships on specific operations, the State Investment Council coordinates at the policy level with all the active players in this area through the Business Enabling Environment working group, facilitated by IFC with the financial support of DFID and SECO. The EC, GTZ, OSCE, MSDSP, ADB, SECO and USAID have trade facilitation and other trade-related assistance that support the country's overall investment climate and competitiveness. Other partners, such as the ACTED, AKDN, CARITAS, DFID, EBRD, EU, GTZ, OSCE, SECO, SIDA, UNDP and USAID, support activities that indirectly address productivity, livelihood and competitiveness through various entry points such as support for agricultural productivity, youth employability, sustainable livelihoods, community enterprises, and other interventions mostly at the grassroots level. Private sector development has been one of the cross-cutting issues extensively discussed at the DCC. The joint Private Sector Development Strategy, developed with the government by the WB, identifies the key issues requiring donor support in the PSD area in the coming years.

11. In the financial sector, donors currently involved in the area of regulatory reform include ADB, USAID and the WB, while virtually all donors active in the financial sector (ADB, EBRD, GTZ, IFC, KfW, USAID, and SECO) have contributed to advance microfinance in Tajikistan through various types of projects. The Canadian International Development Agency (CIDA) has provided support to the WBG through IFC's South Tajikistan Cotton Lending Project, which has increased private bank lending to the critical agricultural sector, and SECO supported IFC's Azerbaijan and Central Asia Leasing Project, which led to strong growth in Tajikistan's leasing sector.

Result 5: Improve conditions for a sustainable increase in agricultural productivity

12. In agriculture, key donor agencies include the multilaterals (the WB, EC, the Islamic Development Bank (IsDB), UNDP, and FAO), bilateral donors (USAID, GTZ, SDC, DFID, SIDA, and NGOs), and the Aga Khan Foundation (see [Agriculture Sector Review](#)). SIDA, ECA and ADB have expressed their intention to disengage from this sector in the future. ADB and the WB are currently the two largest donors in the cotton sector, with commitments of US\$120 and US\$55 million, respectively. There is no comprehensive agricultural sector policy or strategy agreed on by the government and other key stakeholders to serve as a coordination tool. However, mechanisms to facilitate better cooperation and coordination are only now emerging with the Donor Coordination Council (DCC) Agricultural Sub-group, which was created in late 2007, and the three joint DCC-Government Working Groups on land reform/irrigation, finance and debt resolution, and the informal Legal Aid Center Coordination Group. Two DFID funded long-term consultants are also assisting in donor coordination. Additionally, donors are working towards consolidating PIUs in the sector. For example, the WB and ADB have a joint PIU for the sector.

13. Only a few partners have specific programs on *Disaster Risk Management* -- UN, EC. However, the development community, with actors such as FAO, WFP and UNICEF, is prompt to bring an emergency response to crises (the devastating rains in May 2009 and the food crisis in 2008). Yet disaster preparedness and contingency planning are areas that are currently not being fully supported by the donor community. The WB, through its ongoing avian flu project, is providing some support.

Result 6: Improve the reliability of electricity and gas and increase energy export potential

14. IFI/Donor interest in the *energy sector* has been limited and is mainly providing support for rehabilitation of existing systems and improving efficiency under the Energy Loss Reduction Project (WB/Swiss SECO), Pamir Private Power Project (WB/IFC/Swiss SECO/AKFED), Energy Emergency Recovery Assistance Project (WB), and Energy Rehabilitation (ADB)). The development partners active in the sector have been ADB, IsDB, KfW, Kuwait Fund for Arabic Economic Development, Swiss State Secretariat for Economic Affairs and the WB, in addition to the newcomers Iran, China (PRC) and the Russian Federation. ADB and WB have been particularly involved in regional energy trade. ADB, with commitments of about US\$60 million in the energy sector, along with KfW (US\$40 million) are the most active donors with activities ranging from power distribution in urban areas to regional energy trade initiatives. Currently, there is no formal development partner coordination mechanism in the energy sector. A

centralized Project Management Unit (PMU) reporting to the President's Office has been established to manage energy sector projects, except those financed by the WB that are implemented by *Barki Tojik* and *Tajik Gas*. The WB's activities mainly focused on policy dialogue (e.g., corporatization of the energy utilities, energy tariff adjustment program) as well as specific investments targeted at commercial loss reduction (e.g., Energy Loss Reduction Project) and operations efficiency enhancements (e.g., Energy Emergency Recovery Assistance Project). It had prepared an energy sector development policy advisory note for the government that sets the directions for the development of energy sector on a two-track basis: (i) strengthening of the domestic energy sector through tariff adjustments to cost viability levels, energy loss reduction program implementation, improvement of financial management systems and corporate governance, and (ii) export orientation of new hydro/thermal energy projects. The government, with the help of its international consortium of advisors led by Taylor-DeJongh, is preparing a comprehensive two-pronged strategy that would encompass both short-term and medium-to-long term sets of measures.

Result 7: Improve the provision of safe water in Dushanbe and selected municipalities

15. SDC/SECO has been the main actors in the sector among the IFIs and bilateral agencies. Their involvement include: (i) a regional rural water supply project and improvement of community-based water supply systems in the south Muminobod rayon; (ii) support to "UNDP rural water supply dialogue" to bring together key governmental institutions, donors and organizations working in the field of drinking water; and (iii) grant co-financing to Khujand water supply improvement project; and (iv) co-financing of a new EBRD-financed rural water supply project (through its Khujand water supply project, phase 1 and 2; and a new project for Kulyab, Dangara and Kurgan Tube, scheduled for approval in 2009). JICA supports the reconstruction of rural water supply systems in Khamadoni rayon of Khatlon oblast; regular training of sector professionals in Japan; and Master Plan and Feasibility study of sustainable supply of drinking water to South districts of Khatlon region, including proposal for feasibility study for reconstruction of Vakhsh trunk main). The WB currently finances the Dushanbe water supply and the Municipal Infrastructure Development project (includes water supply and sanitation components in 8 regional cities). There is currently no formal development partner coordination mechanism in the water supply and sanitation sector. The Water Supply and Sanitation Sector Strategy Workshop, conducted by the Government of the Republic of Tajikistan in April 2009 was the first initiative in the country to focus attention of both the Government and the donor community on Tajik water supply and sanitation, and, in particular, on the priorities, included in the Tajikistan water supply and sanitation sector note, prepared by the government with financing by the World Bank; and to bring together the government and the donor community. To strengthen donor coordination similar workshops will be conducted on an annual basis during the CPS period.

Result 8: Strengthen the quality of public services to enhance human capital potential

16. Donor activities in the education and health sectors have contributed to two results under both strategic objectives: reducing the negative impact of the crisis, and paving the way to sustained post-crisis recovery. Their activities contributed to improvements in the quality of

education and health services, thus enhancing the human capital potential that is required to support economic growth. Compared to efforts to strengthen basic and secondary education (see strategic outcome 12), *Vocational and Technical Education* (VTE) has received comparatively marginal attention. Currently, the only existing coordinating tool of the government is the Labor Market and Migration Policy, which is being finalized. The WB's Life Skills Development for Future Migrants project (financed by Russia) will provide training to Tajik migrants on basic life skills to improve Russian language skills and knowledge of that country's laws and procedures.

Result 9: Strengthen incentives for better performance of civil servants

17. *Improving the Performance of Public Sector* is another area where multiple partners are engaged, and the forms of engagement include technical assistance for local planning and expenditure management, local government financing, and budget reforms at the provincial and municipal levels. Active development partners here include ADB, Sweden, UK, UN, and the USA. ADB has a program loan and technical assistance for local government financing and budget reforms. Most assistance is directed through sector support. However, the Public Sector Reform Project supports the implementation of reforms envisaged by the Public Administration Reform Strategy (2006) in the areas of restructuring of state agencies, reform of civil service administration, pay reform, and strengthening strategic policy coordination.

Result 10: Improve transparency and accountability in public financial management

18. On *Improving Transparency and Accountability in Public Financial Management*, the EC and the WB are leading the efforts working closely with other partners. There are many active development partners but all resources are aligned with the priorities identified in the Public Financial Management Strategy for 2009-2018 and the Public Financial Management Project. The WB's Public Finance Management Project (US\$5 million) is co-financed by DFID and the EC (US\$5.5 million). Additional financing in the amount US\$0.97 million comes from a PHRD Grant for project preparation. The Swiss State Secretariat for Economic Affairs expressed willingness to participate in financing PFM reforms in close coordination with the WB, the EC and DFID through a Swiss Trust Fund.

B. Implementing the Paris Declaration in the 2009-2013 CPS

19. Tajikistan has signed the Paris Declaration on Aid Effectiveness on ownership, harmonization, alignment, results and mutual accountability. The government is committed to the Paris Declaration and the subsequent 2008 Accra Agenda for Action and its implementation.

20. Although donor coordination mechanisms are present in many sectors of intervention of the new CPS (as described in the previous section), a recent study on aid effectiveness in Tajikistan concluded that there is scope for better use of aid resources. Overall, the findings suggest that improving coordination, both in terms of planning, joint implementation, monitoring and evaluation, would bring benefits. Currently, development partner fragmentation in many sectors creates considerable coordination challenges and costs for the government. Some aid remains supply driven and the lack of predictability creates problems for government planning.

21. The CPS will benefit from a strong coordination mechanism through a JCPS supported by an important number of donors³⁶ that is currently being completed and formulates “*the principles and mechanisms that will guide the delivery of aid to Tajikistan, the cooperation between the Government of Tajikistan and the development partners, and the coordination mechanism to be used to implement the commitments of the Paris Declaration as expressed in the core principles.*” Box 1 outlines a shared list of principles of aid effectiveness.

**Box 1: Draft Shared Principles of Aid Effectiveness
to Assure Ownership, Harmonization, Alignment, Results and Mutual Accountability**

1. Tajik authorities will take the lead in coordinating donor assistance in support of and aligned with the priorities of the NDS and PRS, and clarifying key points of contact between donors and the overall Government structure.
2. Donors will provide support to enhance Government’s capacity for coordination and will provide timely information on their budgets and activities to allow effective government planning, monitoring and reporting on aid projects, programs and flows.
3. Tajik authorities, with the support of donors, will link the annual national budget, public investment program and aid-supported programs in an integrated programming process for greater realism, relevance and consistency.
4. In specific sectors Donors will work with Government towards a sector-wide approach of: one strategy, one coordination point and one M&E framework, including : (i) agreeing on sector strategies endorsed by Government; (ii) moving towards clearer division of labor, and (iii) joint monitoring and evaluation of sector programs.
5. Donors will work towards ensuring that Technical Assistance is demand-driven and responds to national needs
6. Donors will focus on scaling-up successful project interventions for policy development and nation-wide outcomes where appropriate and feasible. Scaled up programs will be designed for sustainability and with clear linkages to policy-based and results-based budgeting
7. Government and donors will not only monitor outputs over a 12-month period but measure outcomes within the medium-term framework of the JCPS, and the MTEF where it exists
8. Donors will develop common arrangements for planning, funding, disbursement, monitoring, evaluating and reporting on donor activities and aid flows. They will promote joint missions, diagnostic reviews and training activities.
9. Tajik authorities and donors will work together to integrate project preparation and implementation management fully into the ministerial structures and processes and reduce the number of project implementation units by creating joint units responsible for multiple projects.
10. Donors will seek to provide predictable, multi-year programmatic financial support and support Government’s efforts to improve fiduciary systems to increase the flow of funds directly into the budget
11. Tajik authorities and donors will jointly consult with a wide range of stakeholders (including Parliament, local government and communities, academic institutions, civil society, the diplomatic and aid community) in planning, implementing, monitoring and evaluating donor supported programs
12. Donors agree to hold themselves to greater self accountability to monitor if aid coordination is meeting national goals and objectives (through Paris Declaration and IDA indicators)
13. Donors will support the Government to ensure its greater accountability and transparency to the citizens of Tajikistan

1. Country Level Policy Dialogue

22. The DCC was established in early 2006. Among others, its objectives are to (i) promote country ownership through joint dialogue, (ii) enhance harmonization through promoting joint activities and ultimately, sector wide approaches (SWAp), (iii) secure future alignment through supporting country systems reforms, (iv) facilitate networking and broader collaboration within the donor community, and (v) align country strategies of the donors through a single country

³⁶ The JCPS is being developed with the combined support of ADB, EC, Sweden (SIDA), SDC, DFID, WB and the UN and include the Government of Tajikistan represented by the Chairman of the State Investment and Property Management Committee.

operational strategy. The DCC meets biweekly with an annually rotating chairmanship, currently chaired by SIDA. To facilitate the process, a core DCC group, comprising members representing the WB, ADB, SIDA, DFID and SDC/Seco, has been set up.

23. The DCC has had good dialogue with the government on PRSP2 development and has proven to be an efficient mechanism in coordinating donor activities. It has also been involved in various sector issues, such as cotton debt and land reform initiatives. Donor coordination is well advanced at the national level through Monitoring and Evaluation of PRSP (joint ADB-EC-DFID mission) and at the sector level in education, health, and energy. The JCPS is identifying good practices behind the success of this donor coordination (e.g., systematic Chairmanship by Government representatives), and hoping that coordination in other sectors will benefit from these practices.

24. One of the lessons learned from the first PRSP pointed to the need for a single government counterpart or agency responsible for coordinating with donors. The State Committee on Investments and Public Property is now assuming this function. It is in charge not only of the dialogue with the donors on issues related to monitoring and evaluation of the implementation of the Paris Declaration, but also to perform a coordinating role in this field within the government. The Aid Coordination Unit remains the focal point on information management related to donor assistance.

2. Developing Country Systems

25. **Procurement.** The latest Tajikistan CPAR was prepared in 2003. It recommended the gradual decentralization of public procurement to procuring entities. With technical assistance and financial support from the Bank, the necessary conditions conducive to transparent, economic, and efficient public procurement in the country were created. A comprehensive public procurement law (PPL) that is consistent with international standards was adopted in March 2006. Subsequently, implementation regulations and Standard Bidding Documents (prepared in Russian language and translated into Tajik and English) according to the new law were developed with the support from the Bank; they were approved and registered with the Ministry of Justice in January 2008. The capacity of the Procurement Agency was strengthened: five staff were trained as trainers in designing and delivering training to public officials at all levels of government in conducting procurement according to the law.

26. Efforts by the government to improve transparency in procurement bidding include organization of the public procurement workshops and initial procurement training for procuring entities and different levels of public officials; publication and dissemination of new PPL, introduction of implementation regulations and SBDs; and raising awareness of the procuring entities on the provisions of public procurement law. In June 2007 the government established the Qualification Committee to give the status of qualified procurement entity. At the moment 7 agencies have received such a status. To speed up further implementation of the new PPL and decentralize the procurement responsibility, the PA will prepare the national training strategy for public procurement, covering all the levels of administration and implement and deliver the training programs. It appears, however, that the PA's own funds are not enough for sustaining and further developing the public procurement system reform program; there is certainly a need for more funding to complete the decentralization of the procurement responsibility. The World

Bank IDF grant to the TJ Public Procurement Agency was closed in FY08. It will assess the financial and technical assistance needs for the Public Procurement Agency during the CPS period.

27. **Financial Management.** A Country Financial Accountability Assessment (CFAA) for Tajikistan 2003 concluded that the country's fiduciary environment is extremely weak and the risk to public funds is high. The findings, supported by PEFA of 2007, point out that systems of public accountability function poorly and public sector transparency is still a problem at all levels of government. Most project implementing entities use the cash basis of accounting, which in most cases is sufficient for proper accounting of project resources and expenditures.

28. **Internal and External Control.** The internal audit function has been established within the Ministry of Finance (Internal Control & Audit Department), and carries out inspections in budget organizations, mainly to ensure compliance with laws and regulations. The internal audit function is still weak and focuses on regularity in individual transactions rather than on systemic issues and on effectiveness with which public resources are used. The EU has been working with the government to develop a strategy for improving internal control and audit. External audit is practiced by the Agency for Financial Control and Anti Corruption (formerly State Financial Control Committee), the equivalent of a Supreme Audit Institution (SAI). However, this agency's capacity is weak and its conduct of audit is not reliable. As a result, audits of IDA portfolio have been performed by private audit firms pre-qualified by the Bank and contracted by the Committee for Investments. It conducts a block audit of WB financed projects in Tajikistan.

29. To minimize financial risk, there has been a need to "ring fence" financial resources in Bank projects in order to provide the appropriate fiduciary safeguards. Most Bank-financed projects in Tajikistan are implemented through stand-alone project implementing agencies that install parallel accounting systems to those used in the respective line ministries. The project implementing entities use the cash basis of accounting, which is not in accordance with IFRS, but is allowed under IPSAS, and in many cases sufficient for proper project accounting. A small number of projects are implemented by borrower/recipient agencies, which are required to follow WB financial management procedures rather than the country's financial management systems.

30. Based on assessments of the country PFM system, only some elements of the country FM systems are planned to be used under the project. These include budgeting and treasury system for payments in local currency. Full use of the country PFM systems for project implementation will be considered, as the government progresses with the implementation of the PFM reforms, some of which are included under the PFMM.

31. The strength of safeguards systems have not yet formally been assessed by the Donor's community.

3. Effective and Inclusive Partnerships for Development

32. The Tajikistan regular Consultative Group (CG) and Development Forums have served as an effective mechanism for facilitating substantive policy dialogue on the country's development agenda. However, representation still needs to be broadened to include representatives from civil society, academia, private sector and the legislature.

33. Aside from the bi-annual PDF event, working group meetings are held around thematic areas - MDGs and social progress; growth and investment climate; economic and fiscal reforms; governance and anticorruption; decentralization and local government; sustainable rural development throughout the year to follow through on issues and agreements reached and facilitate consultations across a broad range of stakeholders. Each working group is typically convened by the head of the relevant government agency and a development partner as co-convenor. Key initiatives and achievements of the Working Groups are discussed in the section on development aid programs in the context of the CPS.

4. Mutual Accountability and Managing for Results

34. Specific modalities for joint operational engagement by donors can increase effectiveness and reduce the costs of implementation for the government and donors. A good example of this type of synergy comes from the joint WB-ADB portfolio reviews that have been alleviating the weight on government implementing and oversight agencies.

35. The recent Aid Effectiveness Study suggests there are high transaction costs for aid in the country, particularly given capacity constraints. In an effort to address this imbalance, and maximize the impact of the aid available, the government and donors jointly reviewed current overall coordination mechanisms and concluded that a number of improvements need to be made. This included greater use of sector working groups, joint missions and diagnostic reviews, as well as developing common arrangements for planning, funding, disbursement, monitoring, evaluating and reporting on donor activities and aid flows. Currently, donors are considering joint project implementation units in the context of SWApS in the health and education sectors,³⁷ but much work remains to be done to ensure the conditions are right for success. Before this approach can be effective, JCPS partners agree that certain prerequisites need to be in place to achieve sustainable results, including: (i) a strong prioritized country-led sector strategy; (ii) strong country systems for absorbing resources (fiduciary and procurement); (iii) sector strategies that is rationalized, fully costed and linked to a medium-term budget expenditure framework; and (iv) improved aid harmonization, particularly for monitoring and information systems. The overall objective is to put in place sustainable mechanisms that will lower the cost of aid and improve donor effectiveness.

³⁷ A SWAp is an approach to support a country-led program for a coherent sector in a comprehensive and coordinated manner. It is characterized by: (i) country-owned sector policies and strategies; (ii) a sustained, country-led partnership among development partners and key stakeholders; (iii) a common program and an expenditure framework (usually a medium-term framework and an annual budget) based on agreed priorities and strategies; (iv) a financing plan that aligns government's and external resources under the common program; and (v) significant movement toward common approaches in planning, implementation, monitoring and evaluation with increasing reliance on country's systems and procedures.