

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



Bank Group Action Plan
on
Harmonization, Alignment
and
Managing for Results
(HA and MfR)

POPR

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ACRONYMS

ACBF	African Capacity Building Foundation
ADB	African Development Bank
ADF	African Development Fund
afs	Audited Financial Statement
APRM	African Peer Review Mechanism
AU	African Union
CB	Capacity Building
CD	Capacity Development
CFAA	Country Financial Accountability Assessment
CGP	Country Governance Profile
CODE	Committee for Development Effectiveness
COMESA	Common Market for Eastern & Southern Africa
CSP	Country Strategy Paper
CPAR	Country Procurement Assessment Report
DFID	Department for International Development
DRC	Democratic Republic of the Congo
EAG	Environmental Audit Guidelines
EBRD	European Bank of Reconstruction and Development
EC	European Commission
ECG	Evaluation Cooperation Group
ESAG	Environmental and Social Assessment Guidelines
ESAP	Environment and Social Assessment Procedure
ESSD	Environmentally and Socially Sustainable Development
ESW	Economic and Sector Work
EU	European Union
FI	Financial Institutions
GPP	General Principles and Practice
HA	Harmonization and Alignment
HA and MfR	Harmonization, Alignment and Managing for Results
HIPC	Highly Indebted Poor Countries
HLF	High Level Forum
HOP	Heads of Procurement
HSGIC	Heads of State and Government Implementation Committee
ICP	International Comparison Program
ICT	Information & Communication Technology
IDA	International Development Association
IaDB	InterAmerican Development Bank
IESIA	Integrated Environmental & Social Impact Assessment
IFC	International Finance Corporation
IHA	International Harmonization Agenda
LICUS	Low Income Countries Under Stress
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MfDR	Managing for Development Results
MFI	Multilateral Financial Institutions
MfR	Managing for Results
MICS	Middle Income Countries' Strategies
MPD	Master Procurement Document

MTEF	Medium Term Expenditure Framework
NEPAD	New Partnership for African Development
NPO	National Program Offices
OCVP	Operations (Central& West) Department
OECD-DAC	Development Assistance Committee of the Organization of Economic Cooperation & Development
OPEV	Operation Evaluation Department
ONVP	Operations (North, East & South) Department
PFM	Public Financial Management
PIU	Project Implementation Unit
POPR	Operations, Policies and Review Department
PRS	Poverty Reduction Strategy
PRVP	Policy, Planning & Research Department
PSDU	Sustainable Development & Poverty Reduction Unit
RAS	Regional Assistance Strategy
RBM	Results-Based Management
REC	Regional Economic Community
RMC	Regional Member Country
R-MDBs	Regional Multilateral Development Banks
RSA	Regional Strategy Assistance
SIA	Strategic Impact Assessment
SWAp	Sector-Wide Approach
TWG	Technical Working Group
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
WAEMU	West African Economic & Monetary Union
WG	Working Group

THE BANK GROUP ACTION PLAN ON HARMONIZATION, ALIGNMENT, AND MANAGING FOR RESULTS (HA and MfR)

1.0 INTRODUCTION

1.1 There is growing consensus among regional member countries (RMCs) and the donor community that the totality and variety of donor processes, procedures, and requirements for development assistance delivery, monitoring, and reporting is generating unproductive and avoidable transaction costs for, and depleting the scarce capacity of, member countries. More importantly, it undermines development effectiveness by diverting limited national resources and managerial talent¹. Shrinking ODA levels and limited impact on the ground over several years compels both aid recipient donors to critically examine how aid delivery and management detracts from development impact, and to find ways of working well together towards more and better resources, and improved impact.

1.2 The reality of shrinking ODA levels and limited impact on the ground suggests that the proliferation of good intentions in the development process often results in unintended *aid occasioned burden* on RMCs. The burden associated with delivering and managing aid, and the attendant reduction in development effectiveness caused by, among others, fragmented donor policies and practices not aligned with country needs and priorities; the volume and frequency of required reports, redundant procedures and due diligence requirements; multiple implementation agencies (PIUs); duplicative diagnostics and Country Strategies; and countless donor missions, undermine development impact and diverts efforts from progress towards the Millennium Development Goals.

1.3 To address these challenges, the ADB and other MDBs, and bilateral donors are working to simplify and harmonize their policies, procedures, and requirements; and to aligning their support with country-owned poverty reduction strategies or other national frameworks. Today the alignment agenda goes beyond how well aid is delivered and managed; it is shifting from the earlier focus on transaction costs to how well RMCs and donors work together in a framework of mutual accountability, towards better country ownership, high-value policy harmonization and alignment, and impact on the ground.

1.4 Additional to harmonizing and aligning internal procedures and processes, recognition is also given to the need to manage for results, i.e. to maintain a focus on achieving results on the ground. Effectuating more efficient procedures will not, of itself, achieve development impact. There is now agreement between donors and developing countries on the need to measure, monitor, and manage for development results. Together, the two complementary agendas – one focused on internal procedures, the other focused on measuring and achieving results - of Harmonization and Alignment, as well as Managing for Results (HA and MfR) constitute a top priority for discussion and action by the development community. A large number of RMCs and development agencies have now embraced HA and MfR agenda, and the emphasis on HA and MfR was given high-level attention and greater focus during the recent Second High-Level Forum held in Paris February 28-March 2, 2005.²

¹ A recent survey by OECD-DAC found that about 5% of ODA or \$ 3.5 billion per year is spent to deliver development assistance. Donors fund more than 60,000 aid projects around the world. The demands on recipient capacity are overwhelming: some developing countries receive as many as 800 new projects a year, host more than 1,000 missions to monitor the work, and have to present 2,400 quarterly reports on progress.

² The HLF-2 on Harmonization and Alignment, and Managing for Results was a follow-up to the HLF held at Rome (February 2003). Ministers from donors and partner countries and over 200 representatives of civil society organizations and the private sector, met in Paris and took stock of progress in the wide range of activities that have taken place and identified the areas in which high-level political commitment and further, or more intense, work is needed.

1.5 Consistent with the Bank's overarching objective and strategic plan, the Action Plan presented here summarizes ongoing Bank activities to promote HA and MfR agenda and sets out the Bank's future plan for deepening its work in this area, in both ADB and ADF countries. It is noteworthy that some RMCs are also preparing national Action Plans, and that the Bank's plan necessarily has to interface with theirs, while permitting sufficient flexibility to accommodate unique country situations. The Bank's Action Plan is presented in four sections. Following the introduction, Section-II outlines the context within which the international HA and MfR agenda is set; including associated definitions and priority principles, and the framework for Bank and partner interventions. Section-III summarizes ADB activities to advance the HA and MfR agenda at the institutional, country, and global levels; while Section-IV presents the challenges ahead, both for the Bank and the international community, in advancing the HA and MfR agenda. Section V presents the Way Forward. Associated activity matrices elaborating on Bank activities at thematic/sector levels are attached in Annex I, Tables 1-4. The Paris Declaration is attached as Annex II.

2.0 CONTEXT OF THE BANK'S ACTION PLAN

2.0.1 There is broad consensus that in order to meet the MDGs in the designated timeframe, particular attention must be paid to how development assistance is delivered and managed. At present the strategy on achieving enhanced development effectiveness and the scope of emerging solutions and best practices is still evolving. The Rome Declaration, building on the Monterrey Conference outlined a working definitions and set of core principles that provide baseline guidance for harmonizing and aligning country and donor practices. The Joint Marrakech Memorandum affirmed the commitment to a global partnership on managing for results and endorsed five core principles. Going a step further, the Paris Declaration strengthened the core principles of ownership, harmonization, alignment, results, and mutual accountability by identifying a set of performance indicators of high-value priority actions, with measurable and time-bound objectives, for the effective use of aid resources and tracking progress towards the MDGs.

2.1 Defining HA and MfR

2.1.1 In the Rome and Marrakech Declarations, the international community committed to four principles for action: ***Ownership, Harmonization, Alignment; and Managing for Results***. This commitment was further reinforced in the Paris Declaration. Hence, the Bank Action Plan adopts these broadly accepted core principles and the following working definitions:

Harmonization refers to efforts by donors and countries to integrate and streamline all aspects of their development assistance, including adopting common systems and procedures, adopting joint working arrangements that includes joint shared decision-making & shared information.

Country Ownership refers to the identification of development goals and strategies, and the formulation of national development plans and poverty reduction strategies by countries, under government leadership, rather than donors.

Alignment refers to donor anchoring their support on country objectives, priorities, and policies; based on a consistent set of results indicators, and aligned with strengthened country's processes, systems, budget cycle, etc.

Mutual Accountability refers to shared accountability and transparency in the use of development resources and outcomes; and jointly assessing mutual progress in implementing

agreed commitments on aid effectiveness, through existing and increasingly objective country level mechanisms.

Managing for Results is defined as sustained improvements in development outcomes at the country level through enhanced attention at all phases of the development process. The five core principles endorsed by the heads of MDBs as well as by the Head of OECD/DAC are briefly summarized as follows:

- *Focus the dialogue on results at all phases of the development process;*
- *Align actual programming, monitoring and evaluation activities with the agreed expected results (to align donor country strategies with Poverty Reduction Strategy Plans (PRSPs) or national development plans;*
- *Keep results reporting system simple, cost-effective and user-friendly;*
- *Manage for, not by, results; and,*
- *Use results information for management learning and decision-making as well as reporting and accountability.*

2.1.2 Based on the definitions and principles above, the international HA and MfR agenda aims at: i) strengthening country ownership and government leadership of the development agenda; ii) aligning development assistance with the development priorities and results-oriented strategies of partner countries; iii) aligning donor policy, procedures, and practice with country processes and systems, rather than creating parallel systems, thereby reducing unnecessary transaction costs, while maintaining a focus on achieving development impact; and iv) strengthening the capacity of national systems and procedures, and enhancing overall development effectiveness to achieve the MDG targets. Partner countries and development agencies are committed to enhance their results-orientation in pursuit of the objectives above.

2.2 Key Partnerships to Promote HA and MfR

2.2.1 Effective and value-added partnership is at the core of the HA and MfR agenda. As such, the Bank is involved in various partnerships, structured around operationalizing HA and MfR at the RMC and institutional levels. It has also been active in the start-up of key initiatives that have a HA and MfR primary focus—including the MDB Roundtables and the OECD-DAC initiatives on good practice principles, undertaken with key selected partners.

2.2.2 **The OECD-DAC set up a Working Party on Aid Effectiveness (WP-EFF);** established in 2003 by OECD-DAC has five sub-groups, consisting of several Task Forces and Joint Ventures³. Membership in the Working Party include the 22 bilateral members of DAC, all the MDBs, the UN Development Group and 15 partner countries (9 from Africa). The WP-EFF has developed several conceptual and operational good practice notes that are used to guide country-level implementation; and development of performance monitoring indicators of harmonization progress at the country levels and thematic areas. The WP-EFF also carries out case studies and produces Good Practice Papers (GPP) which clarifies conceptual issues on simplification and harmonization of donor practices, including promotion of common approaches, and definition of principles and standards.

³ A 'Joint Venture' consists of sharing OECD/DAC leadership of a Task Force with another working group, such as the MDBs. The groups formed under the WP-EFF include Task Teams on Harmonization and Alignment; Joint Venture on Public Financial Management; Joint Venture on Procurement; Joint Venture on Managing for Development Results; and Special session on Aid Untying.

2.2.3 MDB Technical Working Groups (TWGs); the ADB and other MDBs collaborate with the OECD-DAC through various thematic technical groups such as: *Financial Management, Procurement Reform, Environmental Assessment, Governance and Capacity Building, and Evaluation Cooperation*. The principal charge of each of the MDB-TWGs is to develop a set of good practice standards, principles, or products that donors and partner countries alike could use as a basis for harmonizing their policies, procedures, and practices. Also, members of the TWG thematic technical groups undertake joint country analytic work.

2.2.4 As a result of the Monterrey Declaration, the MDBs initiated the organization of the MDB Working Group on Managing for (Development) Results; out of which came the first International Roundtable on MfR. Later on, the Heads of the MDBs formalized the Working Group on Managing for Results. This was followed by a Second Roundtable on MfR held in Marrakech; co-hosted by the African Development Bank and the World Bank, and attended by more than 30 development organizations and 30 RMCs or partner countries. The MDB Working Group on Managing for Results, including the ADB, is actively involved in the OECD/DAC Joint Venture of MfR.

2.3 Implementation Structures

2.3.1 The organizational structure of the Bank, its business process and resources are strategically deployed to foster development impact by ensuring coherence of its policies and processes, and by effectively delivering development assistance. Towards these ends, while further fine-tuning of the existing structure and new initiatives for institutional reform are underway, the Bank is currently structurally organized into five Vice Presidencies.

2.3.2 The Vice President for Policy, Planning & Research (PRVP) has overall responsibility for coordinating the HA and MfR agenda in the Bank. Within PRVP, the Operations Policy & Review Department (POPR) serves as the focal point for central coordination including supporting the work of the TWGs, operations staff and country offices, monitoring and reporting progress, challenges, and dissemination of lessons and best practices.

2.3.3 Within PRVP, overall country level capacity building, including statistical capacity is coordinated by the Development Research Department (PDRE), while capacity building on governance and anti-corruption, and MDB harmonization on capacity building is coordinated within POPR. The Sustainable Development & Poverty Reduction Unit (PSDU) serves as a focal point for environment and PRSP related issues; and the Procurement Unit (PPRU) is the focal point for procurement issues. Reporting to the office of the President, the Operations Evaluation Department (OPEV) coordinates the activities of the Evaluation Cooperation Working Group to harmonization approaches and global agenda setting among the MDBs.⁴ The Vice Presidency for Finance (FNVP) oversees the Bank's HA and MfR work in the area of financial management and disbursement.

2.3.4 The Operations Vice Presidencies (OCVP & ONVP) have responsibility for country-level HA and MfR related activities. Additionally, the 25 field offices (20 country offices and 5 regional offices) scheduled to become operational by the end of 2006 will also fall within the purview of OCVP & ONVP. Further details on the break-down of the five Vice Presidencies into Departments, Divisions, and Field-Offices (Country and National Program Offices) is available on the Bank's web site (www.afdb.org) under "organization".

⁴ There is also an MDB Working Group on Capacity Building (CB). However, this paper does not discuss its activities for two reasons. First, the WG has refocused its work in 2004 from general CB to that of CB for governance and anti-corruption activities. Second, a Board paper on CB for those two issues is to be prepared and submitted to the Board in 2006. In addition, capacity building activities are part of individual TWGs.

2.3.5 In addition to existing structures discussed above, the Bank has constituted a Bank-wide Working Group on Development Effectiveness and Results-Based Management (DERBM). The Group, made up of Managers, Directors, or their representatives from each of the Bank's Vice-Presidencies, is mandated to oversee the MfR aspects of HA and MfR in terms of the design, implementation, and Bank-wide adoption of DERBM related actions.

3.0 BANK GROUP ACTIVITIES ON HA and MfR

3.0.1 The Bank Group activities to promote the HA and MfR agenda are pursued on multiple fronts and at various levels. To-date, Bank Group activities have focused on the *Institutional, Country, and Global levels*.

3.1 Institutional Level Activities

3.1.1 *Participation in Roundtables & HLF*: In 2003, the Bank collaborated with the World Bank to organize the **African Regional Harmonization Workshop**⁵ in preparation for the Rome HLF. The workshop provided an early opportunity for RMC representatives to better prepare for the HLF by discussing the implications of the international harmonization agenda, and contributing country level perspectives to the global Forum.

3.1.2 Also in 2003, the President of the Bank joined leaders of the multilateral development Banks, bilateral organizations, and donor and recipient country representatives in Rome for the **High-Level Forum on Harmonization (HLF)**. They committed to take action to improve the management and effectiveness of aid, and to take stock of concrete progress, before meeting again in early 2005.

3.1.3 Following HLF-1, the Bank organized the **Rome Follow-up Regional Workshop**⁶ to (i) disseminate the Rome HLF outcomes to a larger number of RMCs; (ii) encourage country preparation of harmonization work programs and Action Plans; and (iii) provide an opportunity for RMCs to indicate their preference of development partner assistance⁷.

3.1.4 Following the Rome Forum, the international harmonization agenda was expanded to include assessment of progress on Managing for Development Result (MfDR). The Bank co-organized the Second International Roundtable on Managing for Results that adopted the *Marrakech Memorandum* outlining the five core principles cited above for a harmonized approach to managing for results and a plan of action for taking that agenda forward.

3.1.5 In 2004 the Bank collaborated with the World Bank and the Government of Tanzania to host the **Second Africa Regional Workshop on Harmonization, Alignment and Managing for Results**. Over 150 participants from RMCs, Multi/Bilateral Organizations, and Civil Society were in attendance. The workshop provided an opportunity for early discussions and review of experiences and progress to-date in implementing HA and MfR—at country, institutional, and program/project levels; distilled lessons and best practices based on country experiences; focused on factors for success and implementation bottlenecks and; formulated messages and regional priorities that were forwarded to HLF-2.

⁵ The Africa Regional harmonization Workshop was held in Addis Ababa: 27-28 January 2003, and included on its agenda the issues related to Managing for Results.

⁶ This was held in Tunis: 27-28 August 2003.

⁷ The workshop made recommendations covering a framework for collaboration, advancing country level activities, and enhancing capacity building.

3.1.6 In February-March 2005, the Bank in collaboration with bilateral and multilateral partners sponsored and organized the **Second High-Level Forum (HLF-2)** on *Joint Progress Toward Enhanced Aid Effectiveness*. The Bank President joined senior officials from donor and partner countries, heads of multilateral/bilateral agencies, and civil society in a dialogue on enhanced aid effectiveness. The Ministerial Forum during the HLF-2 took stock of implementation progress and challenges to the commitments made in Monterrey, Rome, and Marrakech, and identified ways to accelerate and scale up best practices, and sustain political support. It focused on high-impact priority issues that require broad international consensus and high-level coordinated action. The Ministerial Forum committed to the actions in the formal adaptation of the Paris Declaration on Aid Effectiveness.

3.1.7 **The Paris Declaration:** At the conclusion of the HLF-II, delegates to the Ministerial Forum endorsed an ambitious commitment to future action aimed at accelerating efforts in ownership, harmonization, alignment, and managing for results, by formally adopting the *Paris Declaration on Aid Effectiveness*. The Declaration lists a set of partnership commitments and indicators to accelerate progress. It also lists 12 monitorable actions and indicators of progress, plus five tentative targets for tracking progress. The Bank actively participated in the development of the Declaration and implementation targets and indicators of progress towards the MDGs.⁸ To help African countries develop their implementation plans and to put in place the follow-up and monitoring mechanisms for implementing the Paris commitments, the ADB together with the World Bank, UNDP, and in collaboration with OECD-DAC organized a regional workshop for 16 Eastern and Southern African countries on 16-17 November 2005 in Entebbe, Uganda. A similar workshop for Central, West, and North African countries will be organized in the first quarter of 2006.

3.1.8 **Dissemination & Communication:** The Bank regularly and widely disseminated information, best practices, good principles and practices on HA and MfR, to its Board, management and staff. It also communicated key HA and MfR initiatives and events, including the Rome Declaration, the Marrakech Joint-Memorandum, the Dar es Salaam messages, the Paris Declaration, and progress reports on good practices by OECD. The Bank also facilitates dialogue and promotes consensus through periodic bank-wide seminars. Training on HA and MfR related innovations is another way used by the Bank to sensitize staff about HA and MfR.

3.1.9 **Review of Policies and Procedures:** The Bank periodically updates its policies and procedures, incentives and practices, towards ensuring greater simplification, flexibility, and improved client-responsiveness. Also, additional measures are underway to revise and update key documents to ensure enhanced harmonization and alignment with country owned Poverty Reduction Strategy (PRS) and related processes; while also introducing an MfR agenda across the board (e.g. Results Based Log-Frame & new format for a Results Based CSPs)⁹. Further progress is expected in the near future on the use of Regional Assistance Strategy (RAS) to address regional issues, and new or revised Bank policies and strategies will be results oriented and include a results framework. Further revision of Bank policies and practices to make them more HA and MfR compatible with varying RMC needs, and sustained implementation to achieve visible results at the RMC-levels will continue in the short and medium term.

3.1.10 **Analytical Work:** in the context of its harmonization agenda, the Bank continues to collaborate with other partners on the ground in Country Analytical Work (CAW). The collaboration process aims at facilitating donor coordination on CAW to avoid duplication of

⁸ For more details on the Paris Declaration please see: <http://www1.worldbank.org/harmonization/Paris/FINALPARISDECLARATION.pdf>

⁹ For details see "Annotated format for Bank Group Results-based CSP", ADB, December. 2004, ADB/BD/WP/2004/147.

efforts and sharing of information. The Bank is also participating in the annual CAW workshops initiated in 2001. A joint CAW website was launched in mid-2002 to facilitate wide dissemination of available information.

3.1.11 ***Strengthening Capacity for HA and MfR:*** effective country ownership; use of country systems, and achieving development effectiveness all depend on strong RMC capacity. Towards this end, the Bank is providing technical and financial assistance to strengthen the institutional and human capacity of RMCs to develop and implementing HA and MfR. The Bank is also collaborating with the WB and other partners to provide support for the preparation and implementation of PRSPs in RMCs such as Congo, Ethiopia, Guinea, Senegal Madagascar, and other RMCs.

3.1.12 ***Decentralization and Delegation:*** An accelerated decentralization strategy and timetable approved by the Board envisages the opening of 8 offices in 2005 and another 8 offices in 2006, in addition to the existing 8 regional and country offices. Field offices are expected to enhance the Bank's operational objectives and country dialogue through improved outreach and coordination on HA and MfR. Field offices staffing will be commensurate with the size of RMC portfolio and will have delegated authority in procurement and disbursement, while maintaining the Bank's appropriate standards and controls.

3.2 Participation in the Technical Working Groups

3.2.1 The **MDB TWGs** have been fostering HA and MfR at the institutional level in the priority areas of *financial management and analysis; procurement; environmental assessment; and evaluation cooperation* with a view to implement broadly accepted good principles and practices on poverty reduction and progress towards the Millennium Development Goals.

3.2.2 **The Financial Management TWG** meets biannually to address the harmonization of policies and practices in financial management and analysis, as well as collaborate on Financial Management diagnostic work and in financial reporting and auditing. Harmonized approaches on financial management assessment, and financial reporting are being pilot-tested in co-financed projects. Key accomplishments of the TWG include: progress towards a common content, format, and frequency of financial and progress reports; use of common audits and follow-up to audit findings, and approaches to auditor acceptability; The TWG also collaborates in RMC-level Country Financial Accountability Assessments (CFAAs), Report on Observance of Standards and Codes (ROSC), Public Expenditure Review (PER), and Medium Term Expenditure Framework (MTEF). (See Annex Table 1 for past activities of the TWGs).

3.2.3 Through the **Procurement TWG**, the MDB's heads of procurement (HOP) have been pursuing the harmonization of the rules, guidelines, procedures, and practices. Among the key accomplishments of the TWG are: preparation and dissemination of harmonized standard procurement documents or master procurement documents (MPD) are at an advanced stage; the MPD for procurement of goods (in use since 2000) was revised in July 2002; the pre-qualification of works MPD (adopted in October 2002) is being used by most MDBs; the civil works and consultancy services MPDs was recently approved by the HOP. Concerning regional and country-based procurement reforms, the COMESA public procurement project has been completed and implementation of the WAEMU reform project (co-financed with the WB), is currently under progress.

3.2.4 **The Environment TWG** has been an active partner in developing a "*Common Framework for Environmental Assessment*"; converging requirements of MFIs. The TWG's recent achievements include: approval of a new Environmental Policy together with the

Environment & Social Assessment Procedures (ESAP 2001); an Integrated Environmental and Social Impacts Assessment Guidelines (IESIA 2003); and a Strategic Impacts Assessment Guidelines (SIA 2004). Additional activities by the TWG include sensitization of Bank staff on new procedures and RMC capacity building.

3.2.5 The Evaluation TWG is mandated to strengthen the use of evaluation for greater MDB effectiveness and accountability; share and disseminate lessons from their evaluations; and harmonize evaluation principles, standards and practices. The TWG has been pursuing its activities on a number of fronts. In particular, the Evaluation Consultative Group (ECG) has agreed to adopt good practice standards and has benchmarked individual MDBs against these standards to identify areas of divergence. This approach is now on-going for public sector evaluations. The ECG is crafting a strategy to strengthen RMCs evaluation capacity, and is presently examining MDB achievements derived from technical assistance and grants.

3.2.6 Independent from the TWGs cited above, the MDBs also have a working group on Managing for Results. The Working Group is mandated to: i) share knowledge about what gets results; ii) facilitate the alignment of cooperation programs with country results; i) encourage collective action in support of country outcomes; iv) increase the volume and coordination of aid to strengthen country capacity to manage for results; v) identify basic data gaps and reporting inefficiencies; and vi) harmonize results reporting to national monitoring and evaluation systems. To date, the TWG has obtained the endorsement of the Heads of MDBs and Head of OECD/DAC. It is also well advanced in implementing a work program that includes studies on results-based aid allocations; on harmonization around country-level PRSP reporting systems; the development of a Source-book on best practices; and agency performance evaluation. A number of these tasks will be completed in 2005-06.

3.2.7 The Governance, Anti-corruption & Capacity Building TWG has been working to harmonize activities between the MDBs in this area. During a 2004 meeting of MDB WG on, Governance, Anti-Corruption and CB, hosted by AfDB, the TWG agreed on enhanced MDB collaboration in policy dialogue and design and implementation of operations (Credits and Grants) aimed at strengthening governance, public sector reform and capacity in client countries: state capacity building: Joint diagnostic assessments (e.g Country Governance Profiles) and special multi-donor CD funds to support monetary & non-monetary incentives for effective implementation of national action plans. The TWG also agreed on increased sharing of information and collaboration in economic and sector work relating to governance, public sector reform and capacity building, and collaboration on capacity building in countries through the ACBF.

3.3 Country Level Activities

3.3.1 According to the Country Implementation Tracking Tool, countries are progressively embracing the HA AND MFR agenda. For its part, the Bank is promoting country-level HA and MfR implementation through ongoing efforts in the following priority areas:

- **Technical and Financial Assistance** to build RMC capacity to formulate and implement more analytically sound and adequately prioritized PRSPs. The Bank also supports RMC efforts to develop national Harmonization Action Plans and to build the overall aid management capacity (Uganda, Mozambique, and Ethiopia).
- **Greater Alignment** of Bank country programming and projects with RMC national priorities, sector strategies, and implementation modalities. Reliance on country systems that are up to standard and harmonizing country programs with those of other

partner institutions. Hence, new generation CSPs are fully aligned with, and draw their intervention from country priorities and strategy.

- **Enhanced Sector and Thematic Collaboration** with other partners in the areas of HIV/AIDS, NEPAD, Water & Sanitation, Agriculture, Infrastructure, Social Sector, Regional Integration, Capacity building (NEPAD, ECOWAS, COMESA, DRC, Ghana, Sierra Leone, Benin, Cote D'Ivoire, Rwanda, Mali, Malawi).
- **Common Arrangements & Joint Diagnostics** are increasingly used in a growing number of cases, ranging from preparation of joint analytic work and strategies to Sector Wide Approaches and related modalities such as Donor Budget Supports, Co-financing arrangements, pilot Joint Assistance Strategies, CFAAs, CGPs, & CPARs).
- **Environment and Social Assessment:** The Bank Group in collaboration with the World Bank is Piloting the Use of Environmental and Social Assessment Country System to build equivalency between the country system and the AfDB/WB safeguards. This activity is being undertaken in 14 countries worldwide including 2 in Africa: Ghana and Uganda. Piloting and Use of Country System is planned to be expanded in the Maghreb countries and to other African countries already advanced in the implementation of the Paris Declaration.
- **Standardized Procurement Documents** are progressively used for greater flexibility and simplification of procurement processes. Through the Procurement Working Group, the Bank is progressing towards agreement on common thresholds for national and international competitive bidding. The Bank also supports RMC procurement reforms through bodies such as COMESA, WAEMU, and ECOWAS.
- **Common Assessment Frameworks** for Social & Environmental Impact Assessments are presently being piloted in Ghana, Ethiopia, and Burkina Faso; with a view to scale-up the lessons and best practices from the pilot experiences.
- **Harmonized Evaluation** procedures for projects/programs in the public and private sectors are being undertaken at the RMC level. Also, through the Evaluation Task Force, the Bank is actively contributing to RMC and agency level indicators and benchmarks, to measure HA and MfR implementation and progress towards the MDGs.
- **The Medium Term Expenditure Framework (MTEF)** is selectively being applied to better link RMC public expenditure management policy with medium-term budget allocations and expenditure priorities.
- **Decentralization and Delegation** of authority to Bank country offices is progressing on target. By enhancing the role of its country offices, including increased decision-making authority, the Bank will play a more active role in implementing the HA and MfR agenda of individual member countries.

3.3.2 Beginning in late 2002, the Bank Group has taken the lead in coordinating the implementation of the International Comparison Programme (ICP) in the Africa Region. The ICP is a global program established to produce purchasing power parity (PPP) estimates, with the objective of facilitating cross-country comparisons of GDP. The specific objectives are to provide a reliable statistical base for national, regional and global policy making and for monitoring of progress. The Bank Group is working in concert with the World Bank and

UNECA on the ICP-AFRICA initiative. In September 2004, the Bank's Board approved a \$22 million grant, to be managed by PDRE, for the implementation of the ICP program. Through such activities, the Bank is re-enforcing statistical capacity at the country level, both through ICP, and individual country-level capacity building grants.

3.4 Global Level Activities

3.4.1 At the global level, the Bank is forming strong partnerships that contribute to the implementation of the international HA and MfR agenda, in the following ways:

- **Supporting global consensus building** on key principles (e.g. the Rome Declaration, the Marrakech Memorandum and Core Principles, and the Paris Declarations) and implementation of widely accepted good practice principles; through active participation and advocacy in international and regional fora.
- **Active Participation** in the various harmonization and alignment Technical Working Groups; the Working-Party on Aid Effectiveness; and contributing to the development of a results agenda (MDB-WG, MfR).
- **Contributing to** information sharing and dissemination, based on country level experiences, through various ICT platforms (country analytic web sites; harmonization & results web sites, etc.).
- **Collaborating with** other partners through the OECD-DAC-EFF to develop and implement measurable indicators and benchmarks, and to monitor and report on country level progress and challenges in implementing HA and MfR.
- **Playing a lead role** in the organization of regional follow-up activities to deliberate on major initiatives and consensus reached at the global level

4.0 PROGRESS & CHALLENGES

4.1 Moving ahead, realizing the benefits from the HA and MfR agenda will encounter challenges, at the global level and in the Bank, before implementation can be sustained and visible results can be attained. Key challenges at the *global level* include the following:

4.2 **Progress is Uneven and not Institutionalized** – Embracing the HA and MfR agenda is no longer a soft option, and available evidence points to notable progress towards the HA and MfR and overall aid effectiveness. However, evidence also shows progress is uneven across countries and sectors. Even where progress has been made, appropriate incentives at political, institutional, and individual levels, have yet to be fully solidified.¹⁰ Also, efforts to replicate the progress shows that one size and one approach does not fit all. RMCs at different levels of institutional capacity, and under circumstance (post conflict, fragile states, LICUS) require differentiated strategies and approaches, and a menu of products and services will need to be developed and implemented at different pace and sequence.

4.3 **Weak PRS Prioritization and Ownership** - Country owned and driven PRS and equivalent frameworks are central to HA and MfR. However, survey findings reveal that the analytic underpinning of most PRSs' remain weak and not clearly prioritized among sectors to

¹⁰ "Draft Report on Aid Effectiveness for the Second High-Level Forum, Review of Progress, Challenges and Opportunities", (Ref. No. DCD/DAC/EFF(2004)20/Rev.1), DAC Working Party on Aid Effectiveness and Donor Practices, December 2, 2004

allow effective alignment. Nor are they necessarily results-based. Ownership of the process is limited to a small circle of politicians and technicians to the exclusion of important groups (e.g. Parliamentarians and CSOs). Where donors disagree with RMC's pace and implementation priorities, alignment remains a rhetorical principle, imposing little or no constraint on the donor's action. Conditionalities are not fully aligned to PRS, either, and at times contradict the agreements in the PRS. Finally, the quality of many national PRS M&E systems remains generally weak and unable to monitor and account for performance.

4.4 Sector-Wide Approaches and Donor Budget Support - implemented within a Medium Term Expenditure Framework (MTEF), they can provide an alternative aid delivery modality; one that could improve alignment with RMC needs and priorities under strong government leadership, and increase reliance on existing country systems. However, effective use on such transfer instruments and reliance on country systems requires sustained investments over time to build and strengthen the performance standards and capacity of national institutions and systems; and to reinforce RMC monitoring/reporting capabilities.

4.5 Use of Country Systems – There is now wider agreement that the use of country systems can enhance country ownership, sustainability as well as development impact of aid/development assistance. In recognition of the limited development impact of the traditional fragmented approach of donor specific operational requirements, donors through the Paris Declaration agreed to use strengthened country systems when possible including national arrangements and procedures for public financial management, accounting, auditing, procurement, environmental and social assessment and results monitoring and reporting systems. As agreed in Paris, it is however critical to carry out diagnostic reviews that provide reliable assessments of country systems and procedures and based on such diagnostics to undertake reforms and capacity building measures to enhance national systems (i.e. as of end 2005 PSDU in relation with World Bank is carrying out equivalency assessment for the use of environmental and social assessment country systems for Ghana and Uganda). This will in turn lead to a concrete point of convergence among many drivers of aid effectiveness. To date, progress in the use of country systems remains limited because national systems often fail to meet performance standards acceptable to all or most donor partners; particularly in the area of fiduciary management and procurement. Going forward, the challenge for both donors and RMCs is to define measurement standards, quality indicators, and a regulatory framework on compliance regimes for country systems performance; without lowering performance standards.

4.6 RMC Institutional Capacity - and weak governance institutions persistently constrain enhanced implementation of HA and MfR. The financial resources and time commitment required to build-up RMC national capacity, over the longer-term, is often beyond the assistance horizon of most partners. Other challenges affecting the results-agenda are HIV/AIDS pandemic, slow progress in regional integration, and RMCs in post conflict.

4.7 Predictable Medium-Term Financing - aligned with country fiscal and budget horizons is essential to priority setting, budget allocation, and expenditure management. This calls for minimizing aid volatility through reliable and timely notification of support levels and actual disbursements. The IMF has found that aid tends to be more volatile than the developing country's fiscal revenues, particularly in very aid-dependent countries.¹¹ Reasons for the problems of predictability are numerous, including lack of exact information by donors themselves on future aid levels and RMC failure to meet agreed terms and conditions.

¹¹ (See footnote 10) "Draft Report on Aid Effectiveness for the Second High-Level Forum"

4.8 **Common Arrangements & Delegated Cooperation** in their various forms are an alternative cooperation framework, mainly among bilateral donors. Scaling-up this experience will be essential, particularly for donors that do not have country presence. However, going forward in using this approach requires defining an acceptable framework that allows lead donors to assume managerial and fiduciary responsibility for one another.

Key challenges specific to the ADB include the following:

4.9 **Communicating a Strong Message** from the Board and Senior Management, to Bank staff, partner institutions, and RMCs; reiterating the Bank's commitment to promote and deepen the HA and MfR agenda, both institutionally and in RMCs, and to become a *results-based* institution must continue in the short-medium-term.

4.10 **Strengthening the Development Effectiveness (DERBM) Group** in the Bank to assume an effective coordination role; including through active participation in the various Technical Working Groups.

4.11 **Addressing Organizational** issues, including allocating appropriate levels of staffing and budget, ensuring the right staff skill mix and training needs, and clearer guidelines to staff on why when and how to engage in HA and MfR activities. Implementing incentives to promote HA and MfR implementation of is also priority challenge.

4.12 **Expediting decentralization** and enhanced field presence as a way to bring the Bank closer to its RMCs, and delegating authority to country office, empowering them to make certain decisions on the ground.

4.13 **Ensuring Greater flexibility and simplification** of Bank policies, procedures, and practices to make them more HA and MfR friendly, and allow effective Bank participation with other partners, in the implementation of creative aid delivery and management modalities.

4.14 **Allocating Adequate Resources** for country-level capacity building activities on HA and MfR, over the medium and long-term, to ensure sustainable capacity and strengthened country systems and institutions.

4.15 **Eligibility Criteria** for the procurement of goods and services, should be put up for debate with a view to resolve the persistent problem among R-MDBs regarding country of origins of goods and services.

4.16 With respect to the **MfR agenda**, a key challenge for the Bank is to move towards a more results-oriented culture including: ownership; decentralization; the requisite changes and adaptation for making Bank procedures and operations results-oriented; and the establishment of M&E systems; supported by a Results-based budgeting process and IT systems and; reinforced through an appropriate training program. These challenges are discussed more fully in Section V. A second is to identify the MDGs that the Bank should focus on while meeting the broad spectrum of development intervention demands by its stakeholders. A further need is to undertake an assessment of the various result-supporting interventions on behalf of the RMCs, including taking stock of its capacity building initiatives and determining the extent to which these operations focus on building results-based management capacity.

5. THE WAY FORWARD

5.1 The key challenge going forward is to find ways of harnessing the energy and high-level commitment from the HLF-II towards monitorable and time-bound country-level implementation. The way-forward will go beyond transaction concerns to more sharply focused strategic objectives, leveraging impact on development effectiveness through selected high-value operational goals. Towards this end, this Action Plan have been revised to reflect the key messages from the 2004 Africa Regional Workshop held in Dar es Salaam, and incorporate the key commitments and consensus reached at the HLF-2 and beyond.

5.2 The Bank will take concrete steps to strengthen on-going activities and introduce new and specific measures to make its policy and operations more HA and MfR-friendly. Future Bank actions will principally focus on the work of the various TWGs and activities internal to the institution and its assistance to RMCs. Going forward, attention will be focused on adopting good practice principles, existing country systems, and capacity, and be guided by specific country circumstances. Where relevant and appropriate, future Bank activities below have been aligned with corresponding partnership commitments, implementation targets, and progress indicators adopted in the Rome and Paris Declaration, and Marrakech Statements.

5.3 The Bank activities to implement the HA and MfR agenda presented below focus broadly on four thematic areas: a) *Activities of Technical Work Groups*; b) *Institutional & RMC-Level Improvements*; c) *Promotion and Facilitation of HA and MfR*; and d) *Monitoring Implementation Progress*. These activities and their implementation action-plan, including proposed targets, are presented in greater details in Annex I, Tables 1-4.

5.4 Within the limits of the prevailing institutional constraints, the Bank will implement the policy and operational goals listed below:

A. Activities of the Technical Work Groups (TWGs)

➤ ***Financial Management TWG:*** Updating the Financial Management Guidelines to bring them in line with current best practices in the area. The final product will include an abridged version of the Guidelines for Bank and RMC project staff. Additionally, training for Bank and RMC staff on operationalizing the Guidelines will be conducted. Work on piloting harmonized approaches in financial management is underway in selected RMCs, and expansion to other RMCs is expected in the coming years.

➤ ***Procurement TWG:*** A draft Master Procurement Document (MDP) for the procurement of Plant-Design and Install Contracts has been completed by the TWG. The Heads of Procurement of the various MDBs will review the document for approval in 2005. As part of the joint assessment process with the World Bank, additional Country Procurement Assessment Reviews will be held in the coming year and, the Bank will continue its support for RMC/regional procurement reforms. Such reforms are expected to result in harmonized National Competitive Bidding Documents and other procedures and facilitate the fulfillment of minimum requirements for the use of country systems (Paris Declaration - sections 20, 28 and 29 /Target 5).

➤ ***Environment TWG:*** Work on country level harmonization initiated earlier will continue in earnest. In collaboration with the World Bank/ESSD, a number of RMCs will be selected for a review of their environmental management policy, capacity, and strategy. Information from the review will serve as the basis for future capacity building interventions. based on the collaboration with other partners, new and additional RMCs will also be added to

this process. Capacity building for RMCs and training of Bank staff will also be a major priority. The TWG will also focus on building country level capacity to implement various joint assessment procedures and frameworks and implementation guidelines developed for public and private sector assessment.

Evaluation TWG: Work on Higher Level Harmonization is expected to continue with a focus on assessment of RMC technical assistance instruments and on stocktaking on country assistance evaluations (CAEs) in view of developing good practice standards. Future work will also focus on synthesizing important lessons from across the ECG in particular sectors and topics or themes such as progress on the MDGs; lessons on the infrastructure-environment interaction; getting better results through the infrastructure-human development link; findings on stronger public sector - private sector interplay. Harmonization of evaluation capacity development will be part of the mid-long term activity for the TWG.

B. Institutional & RMC-Level Improvements

5.5 **Endorse HA and MfR as a Strategic Priority** - The President and senior management will send strong and regular signals to staff, partner institutions, and RMCs endorsing the importance of HA and MfR and the Bank's commitment to its implementation. The Bank will achieve this through policy statements, operations practices, staff training, and high-level policy dialogue with RMCs to promote HA and MfR. The Bank will advocate at regional and international levels for enhanced implementation of RMC led HA AND MFR activities. Bank Field Offices, current and future, will be used to take this message closer to RMCs and build consensus on HA and MfR oriented good practices, (*Rome Declaration*).

5.6 **Adopt Managing for Results** - Through changes to its internal processes and external support to RMCs, the ADB is taking important steps toward implementing the principles of the Monterrey Consensus on Measuring, Monitoring, and Managing for Results, and to become a full-fledged results-based institution. It should be recalled that, during the ADF-IX Replenishment cycle the Bank had already developed a Results Measurement Framework (RMF) for assessing the impact of the ADF-funded operations on the countries' development achievements. Presently, the Bank, in collaboration with IDA is revising the ADF RMF by eliminating those indicators not found relevant and adding other indicators, particularly in areas where the Bank Group is requested to play a key role, such as governance and regional integration.

5.7 The Bank has also recently developed a results-based log frame and initiated a training program for its utilization by Operations staff. This Results-based log frame is progressively introduced in the Bank Group's appraisal reports and it is expected that the continuation of the related training program will help to roll out this log frame across the Operations Complexes. In the same vein, the Bank is also developing a results-based format for supervision report to make supervision missions more results-oriented.

5.8 Moreover, following Board approval of the Bank Group's Results-based CSP Annotated Format, new results-based CSPs are being prepared for the ADF countries. These CSPs include a results framework to which Bank Group operations are expected to contribute. The next step to fully operationalize the processing of results-oriented CSPs will be the development of guidelines for the evaluation of the CSP cycles. As of end-November 2005, the Bank has approved 13 RB-CSPs during 2005, with another 7 submitted to the Board for its consideration prior to the end of the year.

5.9 Furthermore, in a bid to become a full-fledged results-based management institution, the Bank Group has developed a conceptual model on which to aggregate results and information. It is now finalizing its implementation plan, including an important Information

Technology (IT) component aimed at providing the ability to measure, monitor, and manage for results. The Conceptual Model is based on a three-tiered framework addressing Bank Group's interventions at three levels -- the strategic corporate level, the country, and project levels. Regarding IT system, the Bank Group is working towards developing a system with two major components: a Task Manager user-friendly system that covers the different Bank Group internal management processes (including computer aids to generate log frames and M&E systems) and a deployable monitoring and evaluation system for use at field level.. In the meantime, the Bank is collaborating with other partners, principally through the DAC-MfDR, to support work on PRSPs, M&E seminars, roundtables and conferences on HA and MfR, and support to the NEPAD peer review process. **Annex I, Table 4** contains a summary of the major items to be included in the Implementation Plan to incorporate Results-based Management into Bank activities (*Paris Declaration Target: 11*).

5.10 Ensure Bank Organizational Structure Facilitates HA and MfR - Decentralized activities and decision-making will strengthen the Bank's field presence, empower country offices, and HA and MfR focal points will better manage country dialogues, enhance donor coordination, and advance the country HA and MfR agenda. At the center, POPR will strengthen its capacity to continue serving as the HA and MfR focal point; with responsibility for central facilitation, coordination, and reporting on implementation progress. Guiding principles and sector best practices developed by the TWGs, in their respective areas, will be communicated to the operations departments for implementation; and HA and MfR focal points in the operations complexes will liaise with POPR and provide country-level implementation support; and Field Office Implementation Indicators will elaborate on delegation of authority to the HA and MfR focal-points. (*Rome Declaration*).

5.11 Ascertain Bank Policies & Procedures are HA and MfR-Friendly – Following adoption of this Action Plan, the Bank will undertake a systematic and comprehensive review of existing policies, procedures, guidelines, and directives to ensure appropriate simplification and rationalization. Required modifications will be implemented, consistent with HA and MfR principles and best practices. Changes will focus on reducing transaction costs¹² and other high-value development effectiveness goals through greater policy coherence; ensuring implementation flexibility; simplification and streamlining of procedures; and making Bank actions more accountable, predictable, and results-focused (*Rome Declaration & Joint Marrakech Statements*).

5.12 Incentives for Promoting HA and MfR – Formal and informal incentives are required to advance the HA and MfR agenda, and for management and staff to realize and value the extra efforts required. In the review of its policies, procedures, guidelines and directives, the Bank will identify and remedy any perverse incentives and institutional factors which may hinder the progress of HA and MfR. To address the incentive issue in a more sustained way, the Bank will consider adopting, as appropriate, the experience of partner institutions in factoring in staff contributions to HA and MfR as a criteria in their performance evaluations. Meanwhile, Bank managers will be encouraged to systematically recognize staff contribution to HA and MfR through existing systems of evaluation and rewards (*Rome Declaration*).

5.13 Alignment with PRSs - As of 2004, more than 20 RMC had prepared poverty reduction strategies and several middle-income countries had equivalent national strategies. Most PRSs and equivalent national process remain analytically weak and insufficiently prioritized. They are not results focused nor adequately integrated into the budgetary process.

¹² Reducing transaction costs is a process that takes time, patience, and additional resources up-front. During the Dar es Salaam Workshop, Tanzania, for example reported that the investment in H&A and MfR was now delivering lower transaction costs to the Government, including a sharp reduction in the number of missions and a high level of compliance with the Government's stated 'quite time', covering the budget months of April-July.

The Bank will continue to provide technical and financial assistance to strengthen RMC capacity to formulate sound PRSs and Harmonization Action Plans. Where conditions permit, the Bank will further respond by aligning its programming to national systems, including basing its interventions on sector strategies and priorities and *Medium Term Expenditure Frameworks*, and drawing conditionalities from such strategies (*Paris Declaration Target: 1*).

5.14 ***Participation in Common Arrangements*** - Through a spectrum of joint working and common procedures, the Bank will foster more effective relations with partner institutions, with potential for reducing transaction costs and scaling-up development effectiveness. In this regard, the Bank will examine and employ, as appropriate, a range of common policy and operational procedures, while ensuring full compliance with its safeguard requirements and compliance regimes. (*Paris Declaration Target: 9*).

5.15 ***More Joint Analysis*** – In a growing number of countries, the Bank is collaborating with RMCs and partner institutions in carrying out joint appraisals, feasibility studies, analytic work, and Economic & Sector Works (CFAA, CPAR, CGP, etc). Building on this experience, the Bank will promote greater use of common process, joint diagnostic tools, common data analysis procedures, joint conditionalities, and greater reliance on country systems and local expertise for future undertakings (*Paris Declaration Target:10*).

5.16 ***Predictable Resource Allocation*** - Reducing resource flows vulnerabilities across and within financial years is key to effective budget planning and management. Predictability of aid flows must also be closely linked to recipients' performance and meeting mutually agreed terms and conditions. Where these conditions are met, the Bank will advocate among donor to make multi-year resource commitments; announced sufficiently in advance, aligned to planning horizons, and disbursed in accordance with RMC budget cycles. Based on the Country Strategy Papers (CSPs), and consistent with the priorities in the PRSP, timely Bank resources will continue to be made available, over the medium-term, and periodically reviewed through joint Medium Term Expenditure Frameworks (MTEFs) (*Paris Declarations Target:7*).

5.17 **Budget Support and Sector Wide Approaches (SWAPs)**– Both budget support and SWAPs are becoming preferred modalities by partner countries for channeling aid / development assistance and there is a general consensus that these instruments will enhance the core principles of country ownership and aid / development effectiveness. The practice of channeling assistance through a government's budget, rather than donors' projects is steadily increasing. Going forward, Bank participation in budget support will be informed by the Guidelines on the subject; and also benefit from an assessment of whether budget support will, indeed, yield the best impact. The existence of acceptable fiduciary safeguards, transparent budget and expenditure frameworks, and supporting country systems and institutional capacity will be considered in the use of budget support (Paris Declaration Target: 9). SWAPs will be equally guided by the existing guidelines in particular with regard to the existence of an appropriate macroeconomic environment, a Government led results-focused sector policy, a mid-term expenditure framework, acceptable financial systems and fiduciary safeguards—supported by effective country M&E system.

5.18 In view of the increasing demand for budget support and SWAPs by client countries, the Bank may have to be increasingly mindful of the importance of budget support and SWAPs as major instruments for channeling Bank Group assistance to RMCs. The procurement of goods and services is governed by the Agreements establishing the Fund and the Bank . Both Agreements require inter alia, that goods and services procured using resources of the Bank or Fund should originate only within the membership of the Bank. However General Budget Support Loans may be categorized as an exception to those

requirements. General Budget Support Loans (GBS) for financing the budget are outside the scope of prescriptions specified in Article 15(4)(a) as the use of resources is not linked to any particular expenditure or to the procurement of any particular goods or services. GBS resources are channeled through the budget using government procurement systems. In cases of Bank participation in SWAPs where there is no lending operation and, or, no procurement, the restriction on the origin of goods and services does not apply. Where there is a lending operation and procurement and expenditure, the Bank's resources will be ear-marked towards specific expenditure items, pending a decision on the proposal to revise the relevant articles of the Agreement on the rules of origin of goods and services. A separate paper, highlighting the challenges the Bank is facing in budget support and SWAPs, is being prepared for further Board consideration. While the Bank will increasingly be involved in budget support and SWAPs, project support will remain a key aid delivery modality in the foreseeable future.

5.19 *Country Strategy Papers* – The CSPs are the Bank's business plan and set out the scope of its interventions in an RMC. All future CSPs will be fully aligned with national development plans, including PRS', and will progressively be harmonized with those of other partners. Similarly, future CSP-based dialogue with RMCs will explicitly address progress in implementation of HA and MfR, and identify areas requiring additional Bank support. To further enhance results and development effectiveness, all new Bank CSPs and policy documents will become more results oriented, and supervision will be sharpened and focus on managing for results, and not just inputs (*Rome Declaration and Joint Marrakech Memorandum*).

5.20 *Joint and Harmonized Strategies* – This has been on the cooperation agenda for several years. While progress has been slow, institutions including the Bank Group are showing much more interest and have started launching / preparing Joint Assistance Strategies (JAS). RMC Governments and donors are piloting Joint and harmonized strategies to define partner country's development priorities. Such strategies differ in many ways—with content, approach, and players differing according to country needs. Such strategies require coordinated processing schedules and supervision mission; sharing diagnostics; common/compatible assessment frameworks; and better government-donor coordination to ease administrative burdens. Based on lessons and guidance from global best practices, at this stage a few examples are emerging. The African Development Bank and the World Bank have prepared JAS for Uganda; the one for Tanzanian is under processing as of July 2005; and one such strategy is planned for Zambia. The Bank will cautiously continue to advance the preparation of Joint Assistance Strategies in an additional number of countries where conditions of coherence, coordination, and complementarity exist (*Paris Declaration Target 9*). In this regard, some major challenges are emerging as an obstacle in working with other donors in JAS. One such challenge is related to the incompatibility of the timing of our 5-year CSPs and those of other donors preparing their country strategies posing a challenge for the Bank to participate in the preparation of joint strategies with other donors. Another major challenge is that the JAS takes relatively longer time to process and can negatively affect the processing of Bank loans and grants for the country concerned because the delays in JAS in turn delay the processing / approval of the Bans CSPs, which in turn delay Bank operations. At times, some countries also don't allow the Bank and other parties to make the JAS public before it is considered by the World Bank Board.

5.21 *Use of Partner Country Systems* – As part of fulfilling its part to the commitments made by donors in Paris on the use of country systems and procedures to the maximum extent possible; the Bank is currently preparing a Framework Paper that will guide Bank management and staff to enhance the use of country systems in the delivery of Bank programs and projects. The Framework Paper, among others, is aimed at taking stock of experiences on the use of country systems and build on them; propose as necessary appropriate safeguards and

measures in ways that strengthen rather than undermine country systems and procedures (**Indicator 5**); clarify modalities of collaboration with other partners at the country level; enhance the sustainability and country ownership of Bank supported projects and programs. The framework paper will also include criteria for use of country systems and the draft paper is expected to be ready for Board consideration in the first quarter of 2006. In this regard, it is worth noting that the World Bank has put forward an Issues and Proposal Paper on expanding the use of country systems in World Bank supported operations. It is therefore deemed necessary for the Bank to better prepare itself and harmonize its approaches with partners and thereby respond effectively to the increased country demands in the use and building of their country systems. (**Paris Declaration Target: 5**) The Bank will therefore increasingly rely on country systems when possible and will contribute to the building of the capacity of country systems for the management of their development programs and processes where appropriate. In this connection, and as part of contributing to the commitment made “to avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programs (Indicator 6),” the Bank will provide support for the building and improvement of country systems and as much as possible will use such country systems for the implementation of Bank Group financed programs and projects. In the mean time, staff have been advised to avoid the creation of new PIUs particularly in those countries where the issue of capacity is not a major constraint.

5.22 *Simplification and Harmonization of Legal Documents*: within the context of increased use of country systems, donors and partner countries are increasingly recognizing the importance of simplifying and harmonizing legal documents that are critical for the smooth and efficient implementation of the HA and MfR agenda at the country level. In the recent 12th MDB Roundtable Meeting on Harmonization, this issue was seen as most critical, and the efforts underway by the World Bank and the other MDBs with regard to simplification and harmonization of legal documents were seen as a good practice. Modification of legal documents is seen a necessary step for the implementation of the Paris Declaration through allowing increased collaboration among donors and the use of country systems. **The current review of the General Conditions by GECL has resulted in a substantial harmonization of the Bank’s General Conditions with those of other MDBs.** In this connection, a Joint Technical Working Group comprising of staff from the General Counsel and the Procurement Unit is being established to undertake the Simplification and Harmonization of Legal Documents and Procurement Rules and Procedures.

5.23 *Regional Assistance Strategies (RAS)*— The Bank recognizes the existence of regional issues that cannot be addressed through single country CSPs, and will, on a case-by-case basis, consider the use of Regional Assistance Strategies to address such issues. Regional Strategies may also be used to facilitate harmonization of macro-policies in such areas as immigration rules, cross-border trafficking of goods and services, and harmonization standards at the sub-regional level (**Paris Declaration Target:9**). A good example in point is the joint work by the Bank Group and the World Bank on regional water sector study, and also the cooperation in the Nile River Basin management efforts. The Bank Group and the World Bank are also working together in the NEPAD and SPA to support harmonization pilots in several African countries, including Ethiopia and Tanzania.

5.24 *Fragile States* – The Bank is increasingly concerned about development effectiveness in fragile states—vulnerable to, or emerging from conflict, and with weakened governance institutions. Approximately one-third of the ADF-eligible RMCs, with about 20.4% of the continent’s population fall under the *Fragile State* or *Difficult Partnerships* category. The Bank and other donors have committed themselves in the Paris HLF-II to deliver and manage aid and development assistance more effectively by adapting their assistance to environments of weak ownership and capacity and to immediate needs for basic service delivery. The Bank

as well as the wider donor community therefore face a special challenge in aligning assistance to fragile countries' weak institutional and governance systems. To date, the Bank has been providing support to such RMCs through debt relief under the HIPC Initiative; assistance under the Post-Conflict Country Facility (PCCF); Emergency Assistance through the Special Relief Fund grants; and participation in donor consultations and post-conflict resource mobilization. Areas of interventions focused on the provision of humanitarian and the delivery of basic social and infrastructure services and training and capacity building support.

5.25 As agreed in the Paris Declaration, the Bank will increasingly coordinate and harmonize its support to fragile states with other donors and such assistance will be to the extent possible aligned with the country systems. In view of the special circumstances of fragile states, Bank Group assistance will focus on two key areas: country analytical work and strategic partnerships. Bank involvement in country analytical work is needed for both understanding the root causes of weak performance as well as for designing country-specific approaches. On the other hand establishing strategic partnership is critical to ensure a focused approach that does not stretch already weak capacities. In order to facilitate partnership, coordination and harmonization activities at the country level, the Bank will prepare a Framework Paper for Engagement in Fragile States. This Framework Paper is aimed to guide Bank Group assistance to such countries and it will also cover a wide range of issues including strategies and policy coherence, areas of interventions, selectivity and sequencing of interventions, harmonization and alignment, partnership arrangements as well as resource requirements.

5.26 **Capacity for Development** – RMCs exercising effective ownership and leadership is conditional on countries' institutional capacity—which often is lacking. This lack of institutional capacity is a key factor constraining implementation of the HA and MfR agenda. The Bank joins other partners in the belief that collective and intensified RMC/donor action is required to support country led capacity building; prioritized within country programming frameworks and focused on strengthening national systems over the medium-term. The Bank will continue to give special attention to the need to step-up capacity building assistance to address the special challenges facing member countries (**Paris Declaration Target: 4**), and to this effect, Management is examining the possibility of establishing HA and MfR fund.

5.27 **MDB Self Assessment Exercise** – The Bank together with the other MDBs is increasing awareness of the need to assess performance in a systematic and credible way. MDBs are intensifying work in this area through the MDB working group on Management for Development Results. Thus far the group has been focusing much more on operational performance at project, program and country levels. The attention is now gaining momentum on organizational performance as an MDB task force for developing an MDB Self-Assessment Framework was established at the beginning of 2005. The task force has started work towards preparing an MDB self-assessment framework for measuring MDB performance on internal processes and product quality that will have a bearing on development results. The Bank is an active member of this task force and once a credible self-assessment framework is agreed upon by MDBs, it will be used internally in each of the MDB to promote learning and improvement, and to be used externally as background and guidance for joint reporting in future Global Monitoring Reports and similar exercises. In addition, it will be a vehicle for promoting accountability, by complementing external assessments.

C. Promotion & Facilitation of HA and MfR Activities

5.28 **Enhanced Outreach** - Twenty-six RMCs three regional institutions, and four African CSOs attended HLF-2. But there are many more (50%) that have yet to actively embrace the

HA and MfR agenda. The Bank recognizes that a lot more work remains to be done to popularize the added value of the HA and MfR and to disseminate its best practices. Hence, the Bank will intensify its outreach to RMCs that have not yet embraced HA and MfR through regular and systematic dissemination of lessons from best practices, good principles and practices; publicize and disseminate the message from the global level declarations; organize periodic briefings to popularize the good practice principles from the work of the MDB TWGs, SPA, and various OECD-DAC Task Forces. Additionally, to narrow the gap between front-runners, followers, and slow-mover RMCs, the Bank, in collaboration with other partners, will promote South-South cooperation by encouraging cross-fertilization of country-based operational experiences and strategies for addressing unresolved implementation issues.

5.29 In this context, the Bank together with the World Bank, UNDP, and in collaboration with OECD-DAC initiated two regional workshops (one for 2005 and another in 2006) at which representatives of countries and donor institutions can take stock of country-level activities, exchange experiences, and identify good country practices. The first of these workshops was organized on 16-17 November 2005 and held in Entebbe, Uganda for Eastern and Southern African countries. The second workshop for Central, Western and North African countries will be held in the first quarter of 2006. These workshops are aimed to provide an opportunity for partner countries and in-country donors to work together on more effective partnership arrangements, including suitable aid modalities and instruments to enhance aid effectiveness.

5.30 **Regional & Global Partnerships** – The Bank will continue to participate in global and regional level activities to promote the HA and MfR agenda. Efforts to develop relevant examples of harmonization and alignment will continue through ongoing participation in the MDB-TWGs and OECD-DAC processes. Regionally, the Bank will continue to support efforts by the Strategic Partnership for Africa (SPA) to align budget support to national PRS frameworks, and also contribute to regional efforts such as NEPAD.

5.31 **Facilitation** – At the country level, the Bank will continue to provide technical and financial support to RMCs developing and implementing PRS' and HA and MfR action plans. Bank expert advice will also be developed and made available to RMCs on demand, to help them identify bottlenecks in implementing the HA and MfR agenda.

5.32 At the institutional level, the Bank will support RMC initiatives by ensuring good practice products, based on global experience and best-practices are readily available and accessible, and by ensuring that partner RMCs that have newly adopted the HA and MfR agenda gain access to expert advice about the application of such products.

5.33 Leveraging the comparative advantage of other partners, the Bank will facilitate the provision of joint training and capacity building programs for RMCs, in key areas such as strengthening procurement capacity, public financial management systems, building institutional capacity for managing for results, and RMC statistical management capacity.

D. Monitoring Implementation Progress

5.34 **Performance Indicators** - Monitoring implementation progress against commitments made in international fora, and most recently in the Paris Declaration will be a central follow-up activity for the Bank. Since the Paris Declaration, the Bank has been actively participating in the work of the OECD-DAC/WP-EFF Drafting Committee to finalize unfinished work on developing targets for monitoring the progress indicators. The indicators and targets were finalized and presented at the UN Special Summit in September 2005. The Bank has approved

these targets and will work actively with donors and partner countries towards their monitoring and achievement. The Bank will remain involved in global-level discussions on designing appropriate methodologies and instruments for data gathering—particularly at RMC levels. Implementation monitoring will principally take place at the country level, led by governments and relying on country systems. The Bank will assist this effort by providing technical and financial support to RMCs that wish to establish independent monitoring mechanisms such as the successful Tanzania Monitoring Unit (*Paris Declaration Target 12*).

5.35 In the area of policy reform, Bank rules on country origin of goods and services remains an incomplete agenda. Resolution of this matter will untie Bank procurement practices and facilitate its participation in expanded partnership arrangements. The Legal Department is presently reviewing the practice of other MDBs and examining alternative options for amending the two articles that contain the procurement rules on country of origin. A decision on this matter is expected soon. (*Paris Declaration Target 8*).

5.36 **Monitoring Bank Progress** – Management will prepare annual progress updates and inform the Board, within the context of the ADF-X Action Plan to Improve the Implementation of ADF Operations, which already contains a summary of the HA and MfR actions and activities. Key indicators that will be kept track of include the following: number of internal Bank procedures modified to take into account the HA and MfR agenda; the number of countries that adopt Harmonization & Alignment, or Managing for results action plans; number of RB-CSPs, aligned to PRSPs; number of instances where the Bank has participated in, or used, joint strategies and analytical work; and the number and amount of grants approved by the Boards for institutional capacity building related to HA and MfR.

E. Priority Interventions

5.37 The section above has highlighted the Bank’s commitment to implement many and varied activities with potential for institutional and country-level implementation of HA and MfR. The Bank recognizes that progress in country level development effectiveness will be a concrete and important measure of the realization of this Action Plan. Such progress can be facilitated and enhanced through proper ranking and prioritization of the activities above; with implementation paced and sequenced to ensure maximum impact. The section below broadly identifies the high-value priority actions which the Bank will undertake to address remaining obstacles and maximize development effectiveness. While fast-tracking the implementation and monitoring of the priority interventions below, the Bank will continue to give due attention to other activities identified in this Action Plan.

5.38 Early and tangible progress is vital to increase RMC and partners’ confidence in the Bank’s commitment to HA and MfR. To achieve this goal, the Bank will give top priority to and intently focus on selected activities centered on *institutional improvement* and *enhanced participation in the MDB Working Groups*.

5.39 The Bank has given priority focus to institutional improvements, both because they are intrinsically valuable and because they better position HA and MfR to take roots in the Bank; while deepening its ownership and implementation in the Bank and in RMCs. By according high priority to institutional improvements, the Bank signals its commitment to inward-oriented reforms and innovations—centered on reforming current business policies, procedures, and practices towards making them results-oriented, simpler, agile and responsive to client demands and varying country circumstances. As a practical matter, the focus on institutional reforms will also allow the Bank to be selective about what it should do, when, and how it should do it, and ensure greater alignment and integration of Bank HA and MfR-

based activities with country strategies. Like wise, the second priority of enhanced participation in the MDB Working groups allows the Bank to expedite and sway RMC-level reforms in key thematic areas that constitute requisite building-blocks for effectively implementing HA and MfR.

5.40 ***Institutional improvements*** – Under the rubric of institutional reforms, the Bank will initiate several complementary and reinforcing measures, to be implemented as an integrated reform package. These measures include:

- Reviewing and amending Bank policies procedures, and structures to ensure appropriate simplification, rationalization, and alignment with other MDBs, within a results framework;
- Strengthening CSP/PRSP alignment and linkages through more and better financial and technical assistance to engender analytically sound and well prioritized strategies, including strengthening the results orientation, including monitoring of indicators;
- Enhancing participation in common arrangements through joint undertakings and common procedures, including joint analysis with RMCs and partner institutions;
- Undertaking Joint Strategies where conditions of coherence, coordination, and complementarity exists; and
- Modernizing and simplifying Bank rules to facilitate participation in budget supports in RMCs where country systems satisfy agreed standards and principles.
- Finalizing the Results Implementation Plan, including the necessary IT adjustments.

5.41 ***Enhanced participation in the MDB Working Groups*** – Through specific and well focused work programs, the MDB-WGs are advancing technical work in the areas of *financial management; procurement; environment; evaluation; and governance, anti-corruption, and capacity building*. The work of the WGs is helping lay the ground work for country-level implementation of HA and MfR. As a matter of priority, the Bank will enhance its engagement in the WG to introduce updated financial management and reporting guidelines to allow flexibility to the content, format, and frequency of reporting requirements. The Bank will also intensify its activities in the procurement WG to implement the best practices recommended by the MDBs Heads of procurement and introduce increased flexibility to reduce procurement-related transaction costs—including addressing current issues related to the origin of supplies, goods, and services. Through the Environment WG the Bank will enhance its collaboration with the World Bank to scale-up ongoing pilots on the assessment of RMC environmental policy and capacity towards greater use of *Common Framework for Environmental Assessments*. Membership in the evaluation WG will allow the Bank to join partner institutions in ensuring the independence and building the evaluation capacity of RMCs. As the Bank progressively increases its PBLs, priority focus will be given to assessing progress in implementing PBLs. Building on the plan of action from the recent meeting, hosted by the ADB, of the WG on governance, combating corruption and capacity building, the Bank will continue to play a lead role in pursuit of various activities in this area.

6. CONCLUSION & RECOMMENDATION

6.1 The Monterrey Consensus and Rome Declaration provided a broad framework for mobilizing more and better aid, and for demonstrating better results. The consensus at that time was more fragile, the goals less precise, and the instruments for realizing the HA and MfR agenda less developed. The HLF-II in 2005 is the result of a comprehensive global process, offering both RMCs and donors an opportunity to recommit themselves to the principles and practices agreed to previously, in a manner that is measurable and time-bound. The consensus adopted in The Paris Declaration and the subsequent HA and MfR agenda presents the international community with an opportunity to improve impact on the ground by lessening the burden of transaction costs on RMCs and address missed opportunities to achieve stronger development effectiveness.

6.2 Regional member countries and donor partners broadly agree that more and better aid is required to address the challenges of development effectiveness. However, this is only part of what is needed; for this aid to have maximum impact on the ground, RMCs must also take bold and sustained actions to address governance concerns and curb corruption. For their part, donor partners can render such efforts meaningful by following through on trade and other reforms essential to getting recipient countries out of aid and debt dependency.

6.3 Moving forward, the Bank, within the framework of the Monterrey, Rome, Marrakech, and Paris commitments, and consistent with its overarching objective of poverty reduction, will collaborate with RMCs and partner institutions for RMC-level implementation of HA and MfR best practice principles. In implementing this Action Plan, the Bank will continue the regional and global search for aid delivery innovations that better address the specific needs of RMCs in special circumstances. Lessons from the experience of RMCs and partner will continue to help enrich Bank efforts to implement this Action Plan; and implementation progress, at the RMC and both institutional level, will be monitored and benchmarked with those of partner institutions.

6.4 **Recommendation:** The Boards are hereby requested to approve the Bank Group Action Plan on Harmonization, Alignment, and Managing for Results.

Annex I, Table I**Past Activity Matrix for Multilateral Development Banks Technical Working Groups****Past Activity Matrix for the MDB TWG on Financial Management**

OUTPUT/OUTCOMES	TIMELINE	COMMENTS	STATUS AS OF DECEMBER 2004
<p>1. Financial Reporting and Assessments.</p> <p>(a) Prepared PIU Financial Management (FM) Assessment Guidelines for use by Bank staff, in Bank financed projects. Guidelines were piloted in Cameroon, Malawi, Tanzania and Zambia.</p> <p>(b) Prepared revised Guidelines on Financial Governance & Financial Analysis of Projects that incorporates best practices on Harmonization in line with the Rome and Paris Declarations.</p> <p>(c) Working Group agreed that borrowers' audited financial statement (AFS) should be submitted within 6 months of year-end. Nearly 50% of Bank's borrowers do not comply.</p>	<p>Q3 2003</p> <p>Q4 2005</p> <p>Q4 2004</p>	<p>(a) Approved by SMC in August 2003, published, and distributed internally and externally. Applied in project supervision reviews in Uganda, Tanzania and Malawi. Approved for submission to SMC by IDWG.</p> <p>Monitoring of Task Managers compliance initiated. What remains is for Task Managers to systematically introduce into the SAP project monitoring system data on submitted AFS.</p>	<p>Completed</p> <p>SMC meeting planned for 16 December 2005. Audit Department has proposed that inputting the information into SAP be a performance evaluation objective for the Task Managers from 2005.</p>
<p>2. Country Level Harmonization initiatives to implement Common Audit and Reporting Requirements.</p>	<p>Q1 2006</p> <p>Q4 2003</p>	<p>(a) Nigeria was identified at MDBs meeting in October 2003 as an opportunity to use joint WB/ADB FM system.</p> <p>(b) Matrix was discussed at MDB Working Group in Manila (June '04).</p>	<p>(a) In progress. Nigeria Country Office following up and results expected in 2006.</p> <p>(b) ADB/WB Strategic Partnership Action Plan for 2004-2005 is in place. Implementation is regularly followed up by Vice President ONVP's Office.</p>

OUTPUT/OUTCOMES	TIMELINE	COMMENTS	STATUS AS OF DECEMBER 2004
<p>3. Country Diagnostic Work</p> <p>In the area of FM, the MDBs endorsed the Good Practice Paper of the OECD-DAC, and are party to the Framework for collaboration in the area of diagnostic work.</p>	Ongoing	<p>(a) Jointly conducted CFAAs are a cost effective way of carrying out Financial Diagnostic work. More formal coordination and forward planning with the World Bank needs to be instituted. CFAAs can feed into Country Governance Profile (CGP) assessments, and vice versa.</p> <p>(b) The CGP draws financial aspects from the CFAA or feed into it depending on which is prepared ahead of the other.</p>	<p>(a) A total of 11 CFAAs comprising Burkina Faso, Chad, Gambia, Madagascar, Malawi, Mali, Mauritania, Senegal, Tanzania, Uganda and Zanzibar have been conducted jointly with the World Bank and other donors and more are planned for the future. A few have been missed due to planning difficulties. The Bank has participated in CFAAs for Benin, Cote D'Ivoire, DRC, Eritrea and Tanzania, and joined a WB led ROSC study in Senegal.</p> <p>(b) Country Governance Profile (CGP) assessments have been conducted for Benin, Cameroon, Chad, Ghana, Mauritania, Nigeria and Zambia. The following CGPs were prepared in 2004 jointly with UNDP and African Capacity Building Foundation (ACBF): Chad (February); Benin (April). More are planned. Initiative to prepare CGP jointly with the WB & DfID under discussion.</p>

Past Activity Matrix for the MDB TWG on Procurement

OUTPUT/OUTCOMES	TIMELINE	COMMENTS	STATUS AS OF DECEMBER 2004
MDB HEADS OF PROCUREMENT GROUP			
1. Master Procurement Documents (MPD)			
(a) Procurement of Goods	MPD completed and adopted by MDBs in 1999; revised in July 2002	Standardized procurement documents reduce administrative burden on RMCs, on Bidders and on MDB Staff,	In use in ADB, AsDB, IADB and WB Partner Countries. This MDB was updated in July 2002 for continued use.
(b) Pre-qualification for Civil Works	MPD completed and adopted by MDBs in 2002		Issued by WB in November 02, by IADB in December 02, by AsDB in June 03; and issued by ADB in November 05.
(c) Procurement of Civil Works	MPD completed dated July 2004		Special agreement with FIDIC to be signed by each MDB before introduction into use in 2005
(d) Requests for Proposals (RFP) for Consultants	MPD completed dated November 2003		To be converted by each MDB for use in 2005.
2. Country Diagnostic Work			
(a) Common Instructions to carry out CPARs	Completed in 2002		
(b) Conduct joint CPARs	Completed in 2002	Country diagnostic work provides basis for building recipient capacity and recipient systems. Joint assessments reduce costs for donors	Joint CPARs: WB with AsDB in Philippines and Uzbekistan; WB with IADB in Costa Rica, El Salvador and Paraguay; WB with EBRD in Yugoslavia; and WB with EU in Azerbaijan: ADB with WB in Guinea (in 2001), Cote d'Ivoire, Senegal, Angola and Togo with follow-up of Benin
	Completed in 2003		
	Completed in 2004		
3. Procurement Policies and Procedures			
Achieve greater policy convergence	First step completed	Policy differences hamper harmonization efforts Without such differences; same MPD could be used by all MDBs resulting in cost reduction to Borrowers and bidders.	Draft comparison & stocktaking paper by WB/EBRD completed in 2002. MDB Policy Rules /Guidelines are mostly harmonized excepting for differences in 2 main areas of the origin of goods and services & application of preference margins. While application of preferences may either be retained by the regional Bank's or their deletion may be considered, amendment of requirements regarding origin of goods and services will require action by shareholders of some MDBs (e.g. ADB, AsDB).

Past activity Matrix for MDB TWG on Environment

Output/Outcomes	Timeline	Comments	Status as of December 2004
1. Environment Policy	Nov 2003	The new policy will replace the 1990 policy. The policy incorporates many of the elements of the Plan of Implementation adopted at the WSSD 2002.	Informal Board seminar held in late 2002; and policy was approved by the Board in early-2004.
2. Environmental Assessment for Private Sector Operations.	June 2000 completed	The procedures are in large part similar to those of IFC's except for the details on the requirements for financial intermediary clients.	2000 procedures currently in effect; provisions for FIs under review.
3. Environmental and Social Assessment Procedures (ESAP) for Public Sector Operations.	June 2001 On-going	The new procedures replacing Bank 1992 procedures were adopted following review & assessment of similar procedures of AsDB, EBRD and IaDB. New ADB procedures incorporate more emphasis on social issues including adoption of dual environmental/social screening and categorization procedure.	ESAP currently in effect are increasingly being applied for Bank's private sector operations.
4. Environmental Audit Guidelines (EAG)	2001 Completed	EAG have been used to train environmental auditors in Ethiopia will be applied to projects in Category 1 as per ESAP 2001.	EAG will be further disseminated as part of Bank staff and RMC training.
5. Environmental and Social Assessment Guidelines (ESAG).	October 2003	ESAG provide more detailed guidance to Bank's Task Managers, Environmental/Social Experts, & Borrowers on typical environmental/social issues and related mitigation & management aspects to be addressed in Bank operations.	ESAG advise on key sectors/sub-sectors in Bank projects (Agriculture, Infrastructure, Irrigation, Power). Plans are to extend ESAG to incorporate Education and Health areas.
6. Strategic Impacts Assessment (SIA)	November 2003	The SIA procedures have been developed based on review of international practice in SEA.	The new SIA was adopted by end of 2003.
7. Bank Staff sensitization	Ongoing	Training material to sensitize Bank Staff is under preparation. Early output has been used to familiarize new Bank staff.	Three training sessions held in Feb. 2004 for Bank staff and comprehensive offsite training in November 2004.

Output/Outcomes	Timeline	Comments	Status as of December 2004
8. Capacity Building for RMCs	Ongoing	Ongoing capacity building for RMCs on Bank-wide procedures have since late 2002 included training modules on Environment, Gender, Poverty, Population, and Participation. So far, country-level workshops have been conducted for Rwanda, Madagascar, Gambia and Sierra Leone.	Rwanda training held in early 2003; Madagascar and Gambia in early 2004; and Sierra Leone for October 2004.
9. Piloting Use of Environmental and Social Country systems in 2 African countries: Burkina Faso, Ghana and Uganda.	Ongoing	Ongoing Environmental and Social Equivalency assessment for Ghana and Uganda. A consultant hired for each country to assess and compare the country and AfDB/WB safeguards. This aims at identifying gaps and proposal of actions to enhance the country safeguards, and ultimately test the country system on pilot projects.	Preliminary draft reports have been submitted by the lawyer consultants that have been hired to carry out the equivalency assessments in Ghana and Uganda. Final reports are due mid December 2005.

Past Activity Matrix for the MDB TWG on Evaluation

Outputs/Outcomes	Timeline	Comments	Status as of December 2004
1. Harmonization of Evaluation criteria at Project Level (Public sector Operations). Initiate comparative analysis (benchmarking studies). Adopt Good Practice Standards for the Evaluation of MDB Supported Public Sector Operations	2002 completed	In addition to Good Practice Papers & towards harmonization, ECG has produced inventories, surveys, comparison papers, tables and matrices on organizational structures, policies/activities & evaluation policies/ procedures. The scope of good practice standards encompasses factors on comparability of reported results (e.g. criteria, ratings scales and standards to be used, the governance of evaluation, roles of independent and self-evaluation, and dissemination and disclosure procedures).	Decision was taken to launch during 2004 a benchmarking exercise for Public Sector evaluations. Terms of Reference have been prepared and Self-assessment Template will be filled by each MDB before launching the exercise. The ECG site can be accessed at http://www.ecgnet.org/ .
2. Harmonization of Evaluation Criteria at Project Level (Private sector Operations). Initiate comparative analysis (benchmarking studies). Adopt Good Practice Standards for the Evaluation of MDB Supported Private Sector Operations.	2001 completed	The Private Sector Paper has been followed by benchmarking exercise by an independent consultant to assess the degree to which Good Practice Standards are presently being used across MDBs. The exercise highlighted both areas of convergence and divergence, the latter calls for further harmonization.	The Working Group on Private Sector Evaluation has refined the Good Practice Standards based on the results of their first benchmarking exercise. A second round of the benchmarking exercise has been completed in Oct. '04. Harmonization of indicators and benchmarks among MDBs moving towards convergence is in progress & will be completed Dec. 2004.
3. Harmonization (Sharing of experience) on Higher-Level Evaluation.	2002 on-going	Immediate work at higher level includes sharing of experiences for both Country Program/Assistance Evaluation, Policy Based Lending Evaluation and Evaluation of technical Assistance Operations as a first step in the development of Good Practice Papers. Discussions will be held with Management on development of these guidelines & role differentiation between independent and self-evaluation functions.	. Good Practice Syandrads have been developed for PBLs as an attachment to the public sector GPS. A Template will be completed by each MDB providing status of TAs evaluation and Country Assistance Evaluation (magnitude, methods, evaluative material).

Annex I, Table II

Future Activity Matrix for MDB Technical Working Groups			
I. Financial Management TWG	Timeline	Comments	Status
Guidelines to be updated to bring them in line with current best practices in FM and F Analysis projects.	2005	Consultant has been recruited	Documents to be prepared in Q4, 2005.
(ii) Hard copy version needs to be prepared together with abridged pocket version. (iii) Training to implement Guidelines is to be organized.	2005	Training planned through CHRM	Training planned for Q4 2005
Harmonization Pilots. Five countries were selected in the Africa Region to pilot harmonization of donor practices. The first, Ethiopia has commenced; the Bank is participating in the harmonization of FM practices.	2005	The pilot harmonization of donor practices would provide valuable lessons to donors and borrower alike and would ultimately lead to cost savings for all parties.	Mission for first phase, currently in Ethiopia and the other four countries would follow in 2004 and 2005. <i>HLF Indicator (9): Percent of aid provided as program-based approaches</i>
Conduct joint ESWs (CFAA-PEFAR-PFM)	2005	Conduct the Public Expenditure and Financial Accountability (PEFA) Public Financial Management (PFM) assessments to measure and monitor PFM performance progress	Joint ESWs: ADB with WB in DRC, Guinea Bissau, Sao-Tome and Principe, and Botswana and Kenya
Strengthening Auditing	2005-2006	More coordinated assistance to supreme audit institutions	Joint strategy ongoing to be finalized by December 2005
II. Procurement TWG			
Procurement of Plant - Design and Install (Turnkey) Contracts	Draft MPD completed in October '04 to be reviewed by Heads of Procurement in 2005		ADB participate in all the Working Group Meetings to prepare this MPD
Conduct joint CPARs	Planned for 2005		Joint CPARs: ADB with WB in Lesotho, Swaziland, Zimbabwe & update from Benin
Regional/Country based procurement reform	In progress	The establishment of regional based procurement reforms will facilitate harmonization of procurement systems at country level in RMCs. Output will include harmonized National Competitive Bidding	COMESA Public Procurement Reform funded by ADF: COMESA Member States have developed public procurement directives adopted in May '03 by Council of Ministers; currently this is being disseminated in RMCs & would be followed by

		Documents (NCB) and other harmonized procurement documents.	country level implementation. WAEMU Public Procurement Reform funded by WB & ADF: Execution in progress. ECOWAS States: A request received by Bank is being processed.
Untying aid	Ongoing	Concerns about Bank rules on country origin of goods and services remains an incomplete agenda; and resolving of this matter will untie Bank procurement practices and facilitate its participation in partnership arrangements.	The list of countries as point of origin for procurement is expanded to include non-Bank members. This would be measured by % of contracts awarded that are untied. <i>(HLF Indicator (8))</i>
III. Environment TWG			
Country Level Harmonization	Ongoing	Three (Burkina Faso, Ethiopia, Ghana) countries selected in the pilot phase after the Rome HLF to have their EIA system aligned with that of the MDBs.	Missions to selected countries completed by Dec. 2004. The EIA systems were reviewed & gaps identified to align with the ADB and other MDB systems. Further consultations planned in 2005 to test the implementation of the aligned procedures for some selected projects using country systems. <i>HLF Indicator (5) Use of Country Systems</i>
IV. Evaluation TWG			
Harmonization of policy based operations Evaluation Practices	Completed	The study of policy based lending (managed by the AsDB) is being finalized in its Phase I (Good practice standards of policy based lending evaluations) after inclusion of the final comments particularly on the disclosure of evaluation findings and conclusions.	The phase II of the study (Good Practice Report) was launched and covers the evaluation of individual operations, the rating of PBL operations and the management of the PBL evaluation process. The report has been issued as an addendum to the GPS Report on Public Sector Operations Evaluation
Harmonization of Evaluation Capacity Development (ECD) Activities	2005 (on-going)	In September 2002, the ECG held a workshop on evaluation capacity development as part of public sector modernization to explore possible joint activities	Lessons of experience will be shared by exchanging briefing notes on ECD activities in RMCs
Asserting the ECG as an authoritative source of evaluative learning on development	Q1 2006	Synthesizing important lessons from across the ECG on particular sector and topics such as the progress on the MDGs; lessons on the infrastructure-environment interaction; getting better results through the infrastructure-human development link; findings on stronger public	A Working Group has been established. TOR and work program will be prepared during the 1st quarter 2006

		sector - private sector interplay.	
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Action Plan Matrix on ADB Harmonization and Alignment Activities

ANNEX I, TABLE
III

Issues/ Objective	Actions to be taken	Lead Department	Support Department	Indicative targets	Indicator Description	Target Date
B. INSTITUTIONAL & RMC-LEVEL IMPROVEMENTS						
1. Adopt HA and MfR as strategic priority of the Bank	(i) Draft & disseminate formal communiqué on HA and MfR; (ii) Ensure communiqué constitutes an integral agenda item in all regional and international fora	POPR	SEGL	1 communiqué where HA and MfR appears as a key agenda/topic	Communiqué; number. of fora agendas with HA and MfR included	January – June '06
2. Ensure Bank's structure facilitate HA and MfR	(i) Intensify on-going decentralization & delegation of authority;	CGSP	Country Departments	Eight Offices to open by December '05; Eight more Offices to open by December '06.	Progress Report on the decentralization program.	Dec. '05; Dec. '06
	(ii) Establish harmonization focal points in country offices	Country Depts	POPR	8 focal points 2005, 8 focal points 2006	No. of Offices opened/ the Focal Point (s) designated	Dec. '06
	(iii) strengthen POPR capacity to serve as HA and MfR Focal Point to facilitate and coordinate HA and MfR activities.	CHRM/POPR	PSDU, OPEV, PPRU, POPR.3	At least 4 staff	No. of staff working on HA and MfR; strengthening of POPR	Dec. '06
	(iv) Foster POPR liaison with MDB TWGs in identifying best practices & guiding principles on HA and MfR	POPR through continued participation in MDB Working Group on HA and MfR	PSDU, PPRU, OPEV, PDRE, FFMA	Number of meetings attended; number of joint actions and procedure adopted - to be determined		On-going
3. Ensure that Bank's policies facilitate HA and MfR	(i) Undertake periodic reviews of existing Bank policies, procedures, guidelines & directives	POPR/Country Depts.	GECL, Country Depts	6 sector policies	No. and types of policies, procedures, & practices revised.	On-going
	(ii) ensure greater simplification & rationalization of mandatory Bank procedures & requirements.	POPR	GECL, Country Depts		No. of policies & procedures revised to enable the Bank to effectively harmonize, align and manage for results.	
	(iii) review Bank policy on country origin of goods and services under Bank procurement rules	GECL	POPR/PPRU	4 Bank procedures		On-going

Action Plan Matrix on ADB Harmonization and Alignment Activities

Issues/ Objective	Actions to be taken	Lead Department	Support Department	Indicative targets	Indicator Description	Target Date
	(iii) assess the Bank's internal incentive systems	CHRM/Country Depts.	POPR	1 assessment report	Evidence of incentives initiated to encourage staff & management.	Dec. '06
4. Participate in common arrangements	Use of more joint analysis (e.g. CFAA, CPAR, CGP); joint missions, and Joint Assistance Strategies	TWGs and POPR	Country Depts./	5	Number of Common Arrangements in place by end of '05; HLF Indicator (10) <i>Percent of joint field missions, country analytic work, and diagnostic reviews</i>	Dec. '06
5. Predictable Medium Term Financing and Mutual Accountability	Ensure predictable allocation of Bank resource and engage in advocacy among donors/partners for multi-year resource allocation commitments	POPR/Country Depts.		35	All ADF countries will have predictable resource allocation during ADF-X. HLF Indicator (7) : <i>Percent of aid disbursed/ released according to agreed schedules in annual or multi-year frameworks (In case of ADF, 3 year funding cycle would serve as the indicator).</i>	Dec. '06
	(i) Increased use of CSPs/PRSP priorities would ensure timely & harmonized Bank resources to RMCs over the medium-term for periodic review through MTEFs; (ii) assistance is provided to enable RMCs to use PRSP as a partnership framework; (iii) support RMCs-led efforts streamline donor procedures/practices.	Country Depts./TWGs	POPR	100%	Number of new CSPs, JAS, aligned to PRSPs. HLF Indicator (12) : <i>Mutual accountability: number of RMCs that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness, including the HLF Declaration</i>	Dec. '06

Action Plan Matrix on ADB Harmonization and Alignment Activities

Issues/ Objective	Actions to be taken	Lead Department	Support Department	Indicative targets	Indicator Description	Target Date
	Participate in Budget Support programs.	Country Depts.	Sector Departments/POPR	Minimum target of budget support operations to be determined on a case-by-case basis.	HLF Indicator (9): Use of common arrangements or procedures: Percentage of aid provided as program- based approaches	on-going
	Move towards greater use of SWAps in lending operation including for non-traditional sectors.	Country Depts.	Sector Departments/POPR	Minimum target of SWAps operations to be determined on a case-by-case basis	HLF Indicator (9): Use of common arrangements or procedures: Percentage of aid provided as program- based approaches	On-going
	Use new RAS to provide platform to address regional issues not addressed by CSPs. Use RAS to facilitate harmonization of macro-economic policies in immigration rules, cross-border trafficking of goods and services, harmonization standards at sub-regional basis.	Country Depts.	Sector Departments/POPR		At least 1 RAS report per annum once Regional Integration Unit is established.	On-going
	Through participation in MDB TWGs continue to develop practical examples of HA and MfR lessons and best practices.	POPR/OPEV/TWGs	2 case studies	Best practice case studies / year	Number of best practices & case studies developed and disseminated	On-going
6. Increase reliance on partner country systems	Avoid creation of parallel systems; respect and build on limited capacity in RMCs. Explore possibility of joining other partner institutions to pilot use of increased country systems in few RMCs	Country Depts./POPR	Sector Departments	2	<p>Number of country systems used HLF Indicator (2): <i>Number of RMCs that have procurement or financial management systems that either meet good standards or have a reform plan in place to achieve good standards.</i></p> <p>HLF Indicator (5): <i>Per cent of aid flows that use country procurement and / or finance management systems that either meet good standards, or have a reform plan to achieve good standards.</i></p> <p>HLF Indicator 6: <i>Number of project implementation units used (reduced over time)</i></p>	December 2006

Action Plan Matrix on ADB Harmonization and Alignment Activities

7. Increase reliance on partner country systems on environment and social assessment and streamlining	Equivalency Assessment and piloting Use of Environment and Social Country System.	PSDU	Operations	Country Institutions in charge of development planning, Environment & social	Country system upgraded to satisfy ADB & WB safeguards; pilot projects implemented; use of country systems adopted	On by case basis On-going
8. Strategy for enhanced Bank assistance to fragile States	Development effectiveness is a challenge in fragile states—vulnerable to, or emerging from conflict, and with weakened institutions and governance. The Bank will develop a policy framework on engagement in fragile states and difficult partnerships.	POPR/ Country Depts	GECL	A policy guidance paper is developed in 2005	A Bank policy paper on engagement in fragile states is developed and discussed	June 2006
9. Pilot use of Joint and Harmonized Strategies	Joint and harmonized strategies and sector programming are increasingly used to define partner country's development priorities. The Bank is committed to cautiously piloting joint strategies where conditions of coherence, coordination, and complementarity exist.	Country Depts/Sector Depts.	POPR	Pilot use of 2 Joint Strategies, developed in partnership with RMC and donors	Number of Joint Strategies developed	June 2006
10. Strengthen capacity for development	RMCs & Donors to agree on a strategic & comprehensive plan of action to address capacity building needs identified through joint diagnostics assessments. Explore how to liaise with partner Institutions to H & A and MfR capacity building assistance at national & regional levels.	Country Depts. / Sector Depts.	PDRE/POPR	At least 5 grants for RMCs	Capacity Building Grants approved by Board; HLF Indicator (4): Percent of donor capacity-development support provided through co-coordinated programmes consistent with partners' national development strategies	Dec-06
11. Dissemination of Rome Declaration, Marrakech Memorandum, Dar-es-Salaam Messages & Paris Declaration	Organize briefing sessions for Board, Management, Staff & RMCs specifically on (i) Rome Declaration; (ii) Marrakech Memorandum; (iii) Dar-es-Salaam Messages, and the Paris Declaration	POPR, SEGL3	Country Departments	2/year	Briefing Notes & Power Point presentations	December '04, June '05,
12. Intensify dissemination of the Rome Declaration, the Marrakech Memorandum, and the Paris Declaration	Prepare, disseminate and update periodically "Briefing Note on HA and MfR".	POPR/SEGL3	SEGL.3/Country Departments	2 briefing notes in 2005	Issue of the "Briefing Note"	December '05

Action Plan Matrix on ADB Harmonization and Alignment Activities

C. MONITORING PROGRESS						
13. Develop measurable indicators; support RMC led effort to measure, and adoption of good practices by partner institutions.	Continue to participate in OECD-DAC discussions to develop measurable indicators, support RMC led efforts to measure adoption of good practices by partner institutions. Promote process of peer reviews to encourage adoption of good practices & share lessons in implementation.	TWG and POPR	Country Depts.	TWG and OECD/DAC Progress reports	Reports will present evidence of indicators developed for implementing HA and MfR HLF Indicator (11): Results-oriented framework; number of countries with transparent and monitorable performance assessment framework for measuring progress	On-going
14. Follow-up on the implementation of the Bank's commitment to HA and MfR	Development Effectiveness & Results-based management committee will monitor progress	POPR	PDRE/CIMM/ ONSD/ ONIN/ FFMA/ CHRM	Progress reported in ADF-X Action Plan follow-up	Annual progress to be, monitored and summarized in APPR. HLF Indicator (12): Mutual accountability; the number of partner countries that undertake mutual assessments of progress in implementing agreed commitments	Dec. '06

Action Plan – Managing for Results (MfR)						
Issues/Objective	Actions to be taken	Lead Department	Support Department	Target Indicator	Indicator description	Target date/Mean of Verification
Pillar I : Provide Assistance to Partner Countries to become RB -oriented						
Building Capacity in Member Countries; statistical systems in particular	Build Capacity in results-based management of public administration, particularly for PRSPs and sectoral analysis; and includes a strong monitoring & evaluation component.	PDRE	Opérations Complexes & PDRE/POPR	1 Update on ICP Implementation	"Report" PDRE will submit an update report on the ICP 1 year after approval. HLF Indicator (II) :Number of RMCs assisted with Bank resources in order to have transparent and monitorable performance assessment frameworks to assess progress against NDPs and /or sector programmes	December 2005
Support results-focused PRSPs	Participate in substantial PRSP meetings, supervision, and mid-term reviews; prepare / adjust country level action plans as needed.	Country Departments	Sector Departments/PSDU	(indicative) 25 countries	Number of countries supported by the Bank Group in the preparation and/or follow-up of the implementation of their PRSP or NDP HLF Indicator (I): Number of RMCs that have NDPs or PRSPs that have clear strategic priorities linked to medium-term expenditure framework.	December 2007 Summary report of PRSP activities prepared by Ops. Complexes.
Help countries build results-based public expenditure management systems (PEMS)	Develop and finance TA or other appropriate interventions	Country Departments	POPR	a) (Indicative) 10 countries b) AfDB PEMS guidelines	a) Number of countries supported by the Bank Group in the building of Results-based Public Expenditure Management Systems b) WB PEMS Guidelines adapted for AfDB needs	a) 10 countries with Results-based PEMS by December 2006 b) Guidelines used in 2004
Support attainment of outcome indicators (MDGs) through appropriate ESW	Intensify ESW preparation to guide CSP so as to provide strong underpinnings for all projects and programs, to strengthen sustainability and impact on country operations and policy dialogue	Country and Sector Departments	POPR	25 ESWs carried out.	25 ESWs will be carried out and approved by 2006	December 2006
Pillar II: Align Institutional Processes to become Results-Based						

Becoming a Results-Based Institution	Finalize Implementation Report	POPR	CIMM/PPLB/Operations Complexes	1 Implementation report	"Blueprint" including a Conceptual Framework, an Implementation Strategy, an IT Blueprint and Implementation Plan approved by the Boards of Directors	Final Blue print received from consultant by October 2005 Blue Print approved by end June 2006
	Upgrade the Bank's IT system to make it RBM - compliant	CIMM	POPR / PPLB/Operations Complexes	a) RBM-IT system rolled out on a pilot basis b) General rollout of the RBM-IT system	a) Pilot RBM-IT system established across the Bank Group from the field office to the core corporate level and allowing reporting on operational results on a yearly basis b) Globally rolled out RBM-IT system allowing Report on a yearly basis.	a) Pilot system functioning by end December 2006 b) Global system functioning by end December 2008
	Rollout Balanced Scorecard	PPLB	All Complexes	a) Scorecard functioning on pilot basis b) General BSC rollout c) Wider use of Corporate BSC by professional staff and as a key results reporting tool and decision-making by Management	a) BSC available to Management and Boards of Directors with the users trained for its utilization b) BSC available to all professional staff with training for its utilization	a) March 2005 (Corporate BSC was rolled out on - a pilot basis, effective February 2005 to end-July 2005) b) Corporate BSC launched Bank-wide end-July 2005 with many senior management staff and Board members trained on its use; first Corporate BSC Report issued November 2005) c) June 2006
Becoming a Results-Based Institution	Develop and Launch a Results Based-CSP format	POPR	Country Departments / OPEV	a) Results-based format available b) New format applied for all new CSPs under ADF-X.	a) RB-CSP Format and Guidelines approved by the Boards of Directors b) New CSPs under ADF-X are results-based and define a framework of outcomes to which operations financed under ADF-X	a) January 2005 (format and Guidelines were approved in June 2005) b) December 2006 (By end 2005, more than 30 countries had RB-CSPs developed).

					will contribute	
	Prepare guidelines to evaluate the completion of RB-CSPs	OPEV	POPR	1 set of RB CSP Evaluation guidelines	Format and guidelines for evaluation developed by OPEV and approved by CODE. <i>(Note that format will not be applied until after the next set of CSPs fall due)</i>	December 2006
	Develop and launch a Results-based Log Frame	POPR	Country Departments / OPEV	a) RB-log Frame available for use to Operational Staff b) RB-Log Frame enforced	a) RB-Log Frame designed with training program b) RB-Log frame actually used in all appraisal reports by fully trained operational staff	a) June 2005 b) June 2006 <i>(Training actually started in 2005 and the RB-Log frame is progressively introduced in the appraisal reports presented to Boards)</i>
	Mainstream impact monitoring and evaluation (M & E) in all Bank Funded Operations	Operations Complexes	POPR/OPEV	Impact of Bank funded operations monitored and evaluated on a regular basis	Capacity of M & E of the country assessed; assistance eventually provided for building M & E capacity at country level; interim impacts actually evaluated, in line with the CSP results framework	June 2006 <i>(Operations Complexes have started beefing up the section on Monitoring and Evaluation of the Appraisal reports to make it results-oriented)</i>
	Develop the (revised) Results Measurement Framework for ADF-X	POPR in collaboration with the WB	OPEV/ Operations Complexes	ADF-X Results Framework approved	ADF-X RMF developed based on the review of the ADF-IX framework and approved by the Board of ADF directors	March 2006
	Reinforce linkages between budget allocations and strategic activities	PPLB	Bank Complexes	Budgetary procedures for 2004, 2005 and 2006 linked to priorities	2004, 2005 and 2006 Budget document link allocations with strategic priorities	December 2003 December 2004 December 2005 <i>Contribution to the</i>

						<i>2005 Budget Framework has been linked to the 21 priorities of the balanced Scorecard</i>
	Institute risk mitigation and learning systems	POPR with Operations Complexes		Risk mitigation guidelines disseminated	All operations staff receive Risk mitigation guidelines	Mar-06 <i>Additional Risk mitigation and learning systems distributed to staff by December 2004, within the framework of the training course on RB-log frames</i>
	Review/Develop staff incentives to encourage staff in the direction of result-based monitoring and measurement.	CHRM	POPR	Revised incentives criteria	Introduce revised performance evaluation system to enhance results measurement	June 2006
	Measures to Evaluate Quality-at-entry (QEA): undertake exercise	POPR	Operations Complexes	1 report	QEA process will take place in 2nd quarter 2005; report will be published by January 2006.	January 2006
	Improve Supervision: Organize a Quality Supervision Assessment exercise to systematically identify supervision issues.	POPR	Operations Complexes	Report produced.	<i>Exercise to be implemented in March 2006 with report coming out in October 2006.</i>	October 2006
	Improve Supervision: Develop a Results Oriented Supervision Report Format to reflect focus on outcomes, risk mitigation, and addressing immediate issues, such as slow disbursements, audits, procurement, or other urgent items.	POPR	Country and Sector Departments	1 new format/ 1 updated SAP module (PS) No. Of problems and projects dismissing	2 phases: New format for written report (done); New format reflected in revision given to SAP system (2006-7).	December 2005
Enhance results focus of quality assessments of products and services	Develop quality at entry (QAE) assessment procedure; increase results focus of quality at entry	POPR	POPR, OPEV and Operations participate in assessment process.			December 2006
Coordinate country focus RM Framework with Corporate internal Balanced Scorecard	Link RM Framework with Corporate Balanced Score-card	PPLB	CIMM, Bank Departments			December 2006
Improve project level M&E	Recruit M&E experts; train staff; increase project M&E budgets (incl. training & baseline studies)		OPEV, POPR, Ops. Complex., CHRM			Oct. 2006

Corporate Reporting						
Report on Results in corporate strategy and budget documents	PPLB to Review corporate planning and budget cycle to assess methods for integrating results. Pilot test in FY04 for further integration in corporate reporting in FY05	PPLB	CIMM, Bank Departments	1 Report, annually	Update on Strategic Plan	January 2006
Annual Report on Development Effectiveness	OPEV to include results focus		OPEV staff	1 Report, annually	Annual Report Development Effectiveness	March 2006
ADF related reporting	Regular progress reports on RMF made in line with ADF reporting requirements		POPR / OPEV	1 Mid-Term Review Report	Mid-Term Report	June 2006
Staff Learning and Incentives						
Increase staffing and improve skills mix	Recruit staff to fill immediately vacancies, particularly in Country and Sector Departments	CHRM	All Complexes	103 staff recruited, out of whom 50% are in Operations	CHRM to make a recruitment report for the year 2004 re: 103 filled positions projected for 2004 out of which 40 were already filled by June 2004..	on-going (in line with ADF-X Action Plan)
	Undertake a needs assessment to determine the number and skills mix of Project staff assistants needed to assist TMs in undertaking routine work associated with project management, e.g.. Entry of SAP data; preparation of routine correspondence, briefs, standard disbursement and procurement processing, etc.	CHRM	All Operations Departments	Project staff assistants recruited	"Report 2006": Number of project staff assistants to be determined through needs assessment.	December 2006
	Train staff in RBM methodology	CHRM	POPR / Operations Complexes	100 Bank staff	Introduced to basic concepts of RBM	In line with ADF-X Action Plan
Ensure that internal staff incentives are aligned with focus on sustained development results	Review staff incentive and revise as necessary to reflect enhanced results focus		CHRM staff			Jun-06

Pillar III : Participate Fully in the MDB Working Group on MfDR to Fulfill its Mandate and Action Plan

MDB Working Group	Participate in MDB Working Group meetings	POPR	PPLB	Annual meeting + video conferences	Reports (especially the COMPAS, contribution ton	on-going
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					annual GMR, and MDB Heads' Partnership and Cooperation Report) & minutes	
	Participate in OECD Joint Venture MfDR	POPR	PPLB	1 report on PRS reporting produced jointly with WB	draft and final reports	December 2005 (done)
	Provide leadership in MDB Learning Group (joint staff learning on RBM)	POPR	PPLB	Finalize and get approved work program	Annual report on Learning group activities	on-going



PARIS DECLARATION ON AID EFFECTIVENESS

Ownership, Harmonisation, Alignment, Results
and Mutual Accountability

I. Statement of Resolve

1. We, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions, meeting in Paris on 2 March 2005, resolve to take far-reaching and monitorable actions to reform the ways we deliver and manage aid as we look ahead to the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs) later this year. As in Monterrey, we recognise that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new bilateral and multilateral initiatives lead to significant further increases in aid.

2. At this High-Level Forum on Aid Effectiveness, we followed up on the Declaration adopted at the High-Level Forum on Harmonisation in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004) because we believe they will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs.

Scale up for more effective aid

3. We reaffirm the commitments made at Rome to harmonise and align aid delivery. We are encouraged that many donors and partner countries are making aid effectiveness a high priority, and we reaffirm our commitment to accelerate progress in implementation, especially in the following areas:

- i. Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).
- ii. Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.
- iii. Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.
- iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.v. Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.
- vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.

4 We commit ourselves to taking concrete and effective action to address the remaining challenges, including:

- i. Weaknesses in partner countries' institutional capacities to develop and implement results-driven national development strategies.
- ii. Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.

- iii. Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.
- iv. Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.
- v. Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.

5. We acknowledge that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, we will be guided by development strategies and priorities established by partner countries. Individually and collectively, we will choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.

6. In following up the Declaration, we will intensify our efforts to provide and use development assistance, including the increased flows as promised at Monterrey, in ways that rationalise the often excessive fragmentation of donor activities at the country and sector levels.

Adapt and apply to differing country situations

7. Enhancing the effectiveness of aid is also necessary in challenging and complex situations, such as the tsunami disaster that struck countries of the Indian Ocean rim on December 26, 2004. In such situations, worldwide humanitarian and development assistance must be harmonised within the growth and poverty reduction agendas of partner countries. In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity. Overall, we will give increased attention to such complex situations as we work toward greater aid effectiveness.

Specify indicators, timetable and targets

8. We accept that the reforms suggested in this Declaration will require continued high-level political support, peer pressure and coordinated actions at the global, regional and country levels. We commit to accelerate the pace of change by implementing, in a spirit of mutual accountability, the Partnership Commitments presented in Section II and to measure progress against 12 specific indicators that we have agreed today and that are set out in Section III of this Declaration.

9. As a further spur to progress, we will set targets for the year 2010. These targets, which will involve action by both donors and partner countries, are designed to track and encourage progress at the global level among the countries and agencies that have agreed to this Declaration. They are not intended to prejudge or substitute for any targets that individual partner countries may wish to set. We have agreed today to set five preliminary targets against indicators as shown in Section III. We agree to review these preliminary targets and to adopt targets against the remaining indicators as shown in Section III before the UNGA Summit in September 2005 and, we ask the partnership of donors and partner countries hosted by the DAC to prepare for this urgently. Meanwhile, we welcome initiatives by partner countries and donors

to establish their own targets for improved aid effectiveness within the framework of the agreed partnership commitments and indicators. For example a number of partner countries have presented action plans, and a large number of donors have announced important new commitments. We invite all participants who wish to provide information on such initiatives to submit it by 4 April 2005 for subsequent publication.

Monitor and evaluate implementation

10. Because demonstrating real progress at country level is critical, under the leadership of the partner country we will periodically assess, qualitatively as well as quantitatively, our mutual progress at country level in implementing agreed commitments on aid effectiveness. In doing so, we will make use of appropriate country level mechanisms.

11. At the international level, we call on the partnership of donors and partner countries hosted by the DAC to broaden partner country participation and, by the end of 2005, to propose arrangements for the medium term monitoring of the commitments in this Declaration, including how frequently to assess progress. In the meantime, we ask the partnership to co-ordinate the international monitoring of the Indicators of Progress included in Section III; to refine targets as necessary; to provide appropriate guidance to establish baselines; and to enable consistent aggregation of information across a range of countries to be summed up in a periodic report. We will also use existing peer review mechanisms and regional reviews to support progress in this agenda. We will, in addition, explore independent cross-country monitoring and evaluation processes – which should be applied without imposing additional burdens on partners – to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.

12. Consistent with the focus on implementation, we plan to meet again in 2008 in a developing country and conduct two rounds of monitoring before then to review progress in implementing this Declaration.

II. Partnership Commitments

13. Developed in a spirit of mutual accountability, these Partnership Commitments are based on the lessons of experience. We recognise that commitments need to be interpreted in the light of the specific situation of each partner country.

OWNERSHIP

Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

14. **Partner countries** commit to:

- Exercise leadership in developing and implementing their national development strategies¹³ through broad consultative processes.
- Translate these national development strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets (**Indicator 1**).
- Take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation

¹³ The term 'national development strategies' includes poverty reduction and similar overarching strategies as well as sector and thematic strategies.

of civil society and the private sector.

15. **Donors** commit to:

Respect partner country leadership and help strengthen their capacity to exercise it.

ALIGNMENT

Donors base their overall support on partner countries' national development strategies, institutions and procedures

Donors align with partners' strategies

16. **Donors** commit to:

- Base their overall support — country strategies, policy dialogues and development co-operation programmes — on partners' national development strategies and periodic reviews of progress in implementing these strategies² (**Indicator 3**).
- Draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders.
- Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

Donors use strengthened country systems

17. Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.

18. Diagnostic reviews are an important — and growing — source of information to governments and donors on the state of country systems in partner countries. Partner countries and donors have a shared interest in being able to monitor progress over time in improving country systems. They are assisted by performance assessment frameworks, and an associated set of reform measures, that build on the information set out in diagnostic reviews and related analytical work.

19. **Partner countries** and **donors** jointly commit to:
- Work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems (**Indicator 2**).
 - Integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development.
20. **Partner countries** commit to:
- Carry out diagnostic reviews that provide reliable assessments of country systems and procedures.
 - This includes
 - On the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
 - Undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes
21. **Donors** commit to:
- Use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures (Indicator 5).
 - Avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes (Indicator 6).
 - Adopt harmonized performance assessment frameworks for country systems so as to avoid presenting partner countries with an excessive number of potentially conflicting targets.

Partner countries strengthen development capacity with support from donors

22. The capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources.

23. Partner countries commit to:
- Integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.

24. Donors commit to:

- Align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly (Indicator 4).

Strengthen public financial management capacity

25. Partner countries commit to:

- Intensify efforts to mobilise domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments.
- Publish timely, transparent and reliable reporting on budget execution.
- Take leadership of the public financial management reform process.

26. Donors commit to:

- Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules (Indicator 7).
- Rely to the maximum extent possible on transparent partner government budget and accounting mechanisms (Indicator 5).

27. Partner countries and donors jointly commit to:

- Implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.

Strengthen national procurement systems

28. Partner countries and donors jointly commit to:

- Use mutually agreed standards and processes to carry out diagnostics, develop sustainable reforms and monitor implementation.
- Commit sufficient resources to support and sustain medium- and long-term procurement reforms and capacity development.
- Share feedback at the country level on recommended approaches so they can be improved over time.

29. Partners countries commit to take leadership and implement the procurement reform process

30. Donors commit to:

- Progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes (Indicator 5).
- Adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

Untie aid: getting better value for money

31. Untying aid generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment. DAC Donors will continue to make progress on untying as encouraged by the 2001 DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries (Indicator 8).

HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective
Donors implement common arrangements and simplify procedures

32. **Donors** commit to:

- Implement the donor action plans that they have developed as part of the follow-up to the Rome High-Level Forum.
- Implement, where feasible, common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows. Increased use of programme-based aid modalities can contribute to this effort (**Indicator 9**).
- Work together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews (**Indicators 10**) and promote joint training to share lessons learned and build a community of practice.

Complementarity: more effective division of labour

33. Excessive fragmentation of aid at global, country or sector level impairs aid effectiveness. A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs.

34. Partner Countries commit to:

- Provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level.

Donors commit to:

- Make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks.
- Work together to harmonise separate procedures.

Incentives for collaborative behaviour

36. **Donors** and **partner countries** jointly commit to:

- Reform procedures and strengthen incentives—including for recruitment, appraisal and training—for management and staff to work towards harmonisation, alignment and results.

Delivering effective aid in fragile states

37. The long-term vision for international engagement in fragile state and other country institutions. While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery

38. Partner countries commit to :

- Make progress towards building institutions and establishing governance structures that deliver effective governance, public safety, security, and equitable access to basic social services for their citizens.
- Engage in dialogue with donors on developing simple planning tools, such as the transitional results matrix, where national development strategies are not yet in place.
- Encourage broad participation of a range of national actors in setting development priorities.

39. Donors commit to:

- Harmonise their activities. Harmonisation is all the more crucial in the absence of strong government leadership. It should focus on upstream analysis, joint assessment, joint strategies, co-ordination of political engagement; and practical initiatives such as the establishment of joint donor offices.
- Align to the maximum extent possible behind central government-led strategies or, if that is not possible, donors should make maximum use of country, regional, sector or non-government systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.
- Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.
- Avoid

Promoting a approach to environmental assessments

40. Donors have achieved considerable progress in harmonisation around environmental impact assessment (EIA) including relevant health and social issues at the project level. This progress needs to be deepened, including on addressing implications of global environmental issues such as climate change, desertification and loss of biodiversity.

41. **Donors and partner countries** jointly commit to:

- Strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common approaches for “strategic environmental assessment” at the sector and national levels.
- Continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation.

42. Similar harmonisation efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues including those financed by dedicated funds.

MANAGING FOR RESULTS

Managing resources and improving decision-making for results

43. Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making.

44. **Partner countries** commit to:

- Strengthen the linkages between national development strategies and annual and multiannual budget processes.
- Endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies and that these frameworks should track a manageable number of indicators for which data are cost-effectively available (**Indicator 11**).

45. **Donors** commit to:

- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
- Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
- Harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.

46. **Partner countries** and **donors** jointly commit to:

- Work together in a participatory approach to strengthen country capacities and demand for results based management.

MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

47. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.

48. **Partner countries** commit to:

- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
- Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.

49. **Donors** commit to:

- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.

50. **Partner countries** and **donors** commit to:

- Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments. (**Indicator 12**).

III. Indicators of Progress

To be measured nationally and monitored internationally

OWNERSHIP		TARGETS FOR 2010
1	Partners have operational development strategies—Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75%* of partner countries
ALIGNMENT		TARGETS FOR 2010
2	Reliable country systems— Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	Target for improvement to be set by September 2005
3	Aid flows are aligned on national priorities— Percent of aid flows to the government sector that is reported on partners' national budgets.	85%* of aid flows reported on budgets
4	Strengthen capacity by coordinated support—Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.	Target for improvement to be set by September 2005
5	Use of country systems— Percent of donors and of aid flows that use partner country procurement and/or public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	Target for improvement to be set by September 2005
6	Strengthen capacity by avoiding parallel implementation structures— Number of parallel project implementation units (PIUs) per country.	Target for improvement to be set by September 2005
7	Aid is more predictable— Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	At least 75%* of such aid released on schedule
8	Aid is untied— Percent of bilateral aid that is untied.	Continued progress
HARMONISATION		TARGETS FOR 2010
9	Use of common arrangements or procedures — Percent of aid provided as programme-based approaches ⁵	At least 25%*
10	Encourage shared analysis— Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	Target for improvement to be set by September 2005
MANAGING FOR RESULTS		TARGET FOR 2010
11	Results-oriented frameworks— Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	75%* of partner countries
MUTUAL ACCOUNTABILITY		TARGET FOR 2010
12	Mutual accountability— Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	Target for improvement to be set by September 2005

***These figures will be confirmed or amended by September 2005.**

See methodological notes for a definition of programme based approaches. 10

Appendix A

Methodological Notes on the Indicators

The Partnership Objectives provides a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. This framework draws selectively from the Partnership Commitments presented in Section II of this Declaration.

Purpose — The Partnership Objectives provide a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. They measure principally **collective behaviour at the country level**.

Country level vs. global level — The indicators are to be **measured at the country level** in close collaboration between partner countries and donors. Values of country level indicators can then be statistically aggregated at the **regional or global level**. This global aggregation would be done both for the country panel mentioned below, for purposes of statistical comparability, and more broadly for all partner countries for which relevant data are available.

Donor/partner performance — The indicators of progress also provide a **benchmark against which individual donor agencies or partner countries can measure their performance** at the country, regional, or global level. In measuring individual donor performance, the indicators should be applied with flexibility in the recognition that donors have different institutional mandates.

Targets — The Targets are set at the global level. Progress against these objectives is to be measured by statistically aggregating indicators measured at the country level. In addition to global targets, partner countries and donors in a given country might agree on country-level targets.

Baseline — A baseline will be established for 2005 in a panel of self-selected countries. The DAC Working Party on Aid Effectiveness is asked to establish this panel.

Definitions and criteria — The DAC Working Party on Aid Effectiveness is asked to provide specific guidance on definitions, scope of application, criteria and methodologies to assure that results can be aggregated across countries and across time.

Note on Indicator 9 — Programme based approaches are defined in Volume 2 of Harmonising Donor Practices for Effective Aid Delivery (OECD, 2005) in Box 3.1 as a way of engaging in development cooperation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme based approaches share the following features: (a) leadership by the host country or organisation; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. For the purpose of indicator, performance will be measured separately across the aid modalities that contribute to programme-based approaches.

PARTICIPATING COUNTRIES

Albania	Australia	Austria
Bangladesh	Belgium	Benin
Bolivia	Botswana	Brazil
Burkina Faso	Burundi	Cambodia
Cameroon	Canada	China
Congo D.R	Czech Republic	Denmark
Dominican Republic	Egypt	Ethiopia
European Commission	Fiji	Finland
France	Gambia	Germany
Ghana	Greece	Guatemala
Guinea	Honduras	Iceland
Indonesia	Ireland	Italy
Jamaica	Japan	Jordan
Kenya	Korea	Kuwait
Kyrgyz Republic	Lao PDR	Luxembourg
Madagascar	Malawi	Malaysia
Mali	Mauritania	Mexico
Mongolia	Morocco	Mozambique
Nepal	Netherlands	New Zealand
Nicaragua	Niger	Norway
Pakistan	Papua New Guinea	Philippines
Poland	Portugal	Romania
Russian Federation	Rwanda	Saudi Arabia
Senegal	Serbia and Montenegro	The Slovak Republic
Solomon Islands	South Africa	Spain
Sri Lanka	Sweden	Switzerland
Tajikistan	Tanzania	Thailand
Timor-Leste	Tunisia	Turkey
Uganda	United Kingdom	United States of America
Vanuatu	Vietnam	Yemen
Zambia		

PARTICIPATING ORGANISATIONS

African Development Bank
Arab Bank for Economic Development in Africa
Asian Development Bank
Commonwealth Secretariat
Consultative Group to Assist the Poorest (CGAP)
Council of Europe Development Bank (CEB)
Economic Commission For Africa (ECA)
Education For All Fast Track Initiative
European Bank for Reconstruction and Development (EBRD)
European Investment Bank (EIB)
Global Fund to Fight Aids, Tuberculosis and Malaria
G24
Inter-American Development Bank
International Fund For Agricultural Development (IFAD)
International Monetary Fund (IMF)
International Organization of the Francophonie

Islamic Development Bank
Millennium Campaign
New Partnership for Africa's Development (NEPAD)
Nordic Development Fund
Organisation for Economic Co-operation and Development (OECD)
Organisation of Eastern Caribbean States (OECS)
OPEC Fund For International Development
Pacific Islands Forum Secretariat
United Nations Development Group (UNDG)
World Bank

Civil Society Organizations and other Participants

Africa Humanitarian Action
AFRODAD
Bill and Melinda Gates Foundations
Canadian Council for International Cooperation (CCIC)
Comité Catholique contre la Faim et pour le Développement
Comisión Economica (Nicaragua)
ENDA Tiers Monde
Eurodad
International Union for Conservation of Nature and Natural Resources (IUCN)
Japan NGO Center for International Cooperation (JANIC)
Reality of Aid Network
Tanzania Social and Economic Trust (TASOET)
UK Aid Network