

INDEPENDENT EVALUATION GROUP (IEG)

An Evaluation of Donor Coordination in Low Income Countries by the World Bank Approach Paper

1. The Bank has long been engaged in donor coordination, manifested most recently in its active involvement in forging the international consensus which has culminated in the watershed **Paris Declaration** (PD) of 2005.¹ A central objective of donor coordination has been to reduce the burden of aid delivery on recipient countries, and hence to improve aid effectiveness. This evaluation aims to assess the effectiveness of the Bank's donor coordination efforts in improving the efficiency of aid delivery—specifically reducing transactions costs, building government capacity, and improving the quality of policy dialogue. To the extent possible, the evaluation will also assess the effectiveness of the Bank's donor coordination efforts in achieving development outcomes, in particular sectoral outcomes.

Evolution of the Donor Coordination Agenda

2. The roots of the donor community's efforts to strengthen aid coordination can be traced back several decades. In 1967, a report by the Commission on International Development set up at the initiative of the World Bank already contained many of the Paris Declaration principles and commitments, including among others partnership and harmonization.²

3. In the mid-1980s, the Organization for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) and the World Bank articulated the overarching principles of donor coordination, which were reiterated and further elaborated in OECD/DAC (1998). These principles were integrating external assistance with the development priorities of the recipient country; the recipient government having the primary responsibility for aid coordination; and both recipients and donors adhering to strategic objectives and investment programs.³

4. In the 1990s, poor development results had raised concerns among the donor community not only over the effectiveness of structural reforms supported by development assistance, but also the taxing of country capacity arising from the myriad donor agencies and international organizations working in those countries, and the reduced effectiveness of aid because of poor coordination among donors. It was in this context that the Bank introduced the **Comprehensive Development Framework** (CDF) in early 1999 to enhance development results. Country-led partnership is one of the four CDF principles, with the

¹ See, for example, OPCS (2006) and IDA and OPCS (2007).

² The other principles are ownership, mutual accountability, and management for development results. Source: Stern et al (2008), p.2.

³ OED (2001), p.5.

other three being: a long-term holistic development framework, results orientation, and country ownership. In 1999, the Bank (together with the International Monetary Fund (IMF)) introduced the **Poverty Reduction Strategy (PRS)** initiative to put the CDF principles into action.⁴

5. The poor development results also spurred the international development community to commit itself to scale up aid. At the same time, this community recognized that increasing aid flows would imply greater aid fragmentation—since the increase would come from an increase in the number of donors as well as channels and instruments—which brings with it higher transactions costs, weaker accountability and ownership by development partners, and greater strain on the institutional capacity of developing countries.⁵

6. In this context, a series of global initiatives were launched under which the global development community committed to ratcheting up and coordinating aid. Commitments were made under the **Monterrey Consensus** (2002), the **Rome Declaration on Harmonization** (2003), the **Paris Declaration on Aid Effectiveness** (2005) and the **Accra Agenda for Action** (2008), and reinforced by the international Roundtables on Results at **Marrakech** (2004) and **Hanoi** (2007).

7. The Paris Declaration (PD) marked a watershed in formalizing and refocusing efforts to develop an international plan of action with unprecedented breadth of support.⁶ It was endorsed by over 100 partner and donor countries and international agencies which committed themselves to specific actions (some with targets to be met by 2010), and an agreement to monitor the implementation of their commitments.⁷ The PD highlights five agreed principles of aid effectiveness translated into over 50 commitments. The five principles are:⁸

- **Ownership:** partner countries exercise effective leadership over their development policies and strategies and coordinate development actions
- **Alignment:** donors base their overall support on partner countries' national development strategies, institutions and procedures
- **Harmonization:** donors' actions are more harmonized, transparent and collectively effective
- **Managing for Results:** managing resources and improving decision-making for results
- **Mutual Accountability:** donors and partners are accountable for results

8. A High Level Forum was convened in Accra, Ghana in 2008, at the mid-point of the 2005-2010 PD agenda, to review progress. The outcome was the Accra Agenda for Action

⁴ OED (2004).

⁵ OPCS (2009a), p. 1.

⁶ Wood et al (2008), p.xi.

⁷ OPCS (2006), p. 1, and OPCS (2009a), p.2.

⁸ From the Paris Declaration.

which lays out a set of actions aimed at accelerating and deepening the implementation of the PD.⁹ The Accra Agenda for Action goes beyond harmonization to focus more on strengthened country ownership, broader partnership engagement, and better accounting for results.¹⁰

Relationship between this Evaluation and the Paris Declaration Framework

9. This evaluation focuses on two of the principles of the PD—*harmonization* and *alignment* (H&A)—which have been the central tenets of donor coordination even prior to the PD.¹¹ Other principles—including the other three PD principles (ownership, results, and mutual accountability)—are also important for aid effectiveness. The other three PD principles refer less to the relationship among donors and international financial institutions than to the relationship between donors and partner countries. Further, harmonization and alignment (H&A) are also areas that are much more under the Bank’s control than the other three areas.¹²

10. The importance of country-led aid coordination is now widely accepted, which, as noted earlier, is one of the areas of emphasis of the Accra Agenda for Action. While this evaluation focuses on H&A, the role of country ownership in driving the coordination process will also be evaluated, including how this has changed post-Accra.

11. The five PD principles together are aimed at helping countries achieve the impacts of sustainable economic growth and transformation, and the attainment of Millennium Development Goals (MDGs) and other national development objectives.¹³ A plausible results chain going from the adoption of the five principles to the achievement of these impacts could entail the intermediate outcomes of *reducing transactions costs*, *strengthening the capacity of government to use aid more effectively*, and *improving the quality of policy dialogue*—which harmonization and alignment (H&A) are aimed at. These intermediate outcomes would contribute to the outcome of *efficient and equitable public investment and service provision, plus regulation and institutional development/coordination for private investment*.¹⁴ In turn, these outcomes would lead to the achievement of the impacts (Figure 1).

⁹ From the Accra Agenda for Action, OPCS (2009a) Annex A.

¹⁰ OPCS (2009a), p.2-3 and IDA and OPCS (2009), p.1.

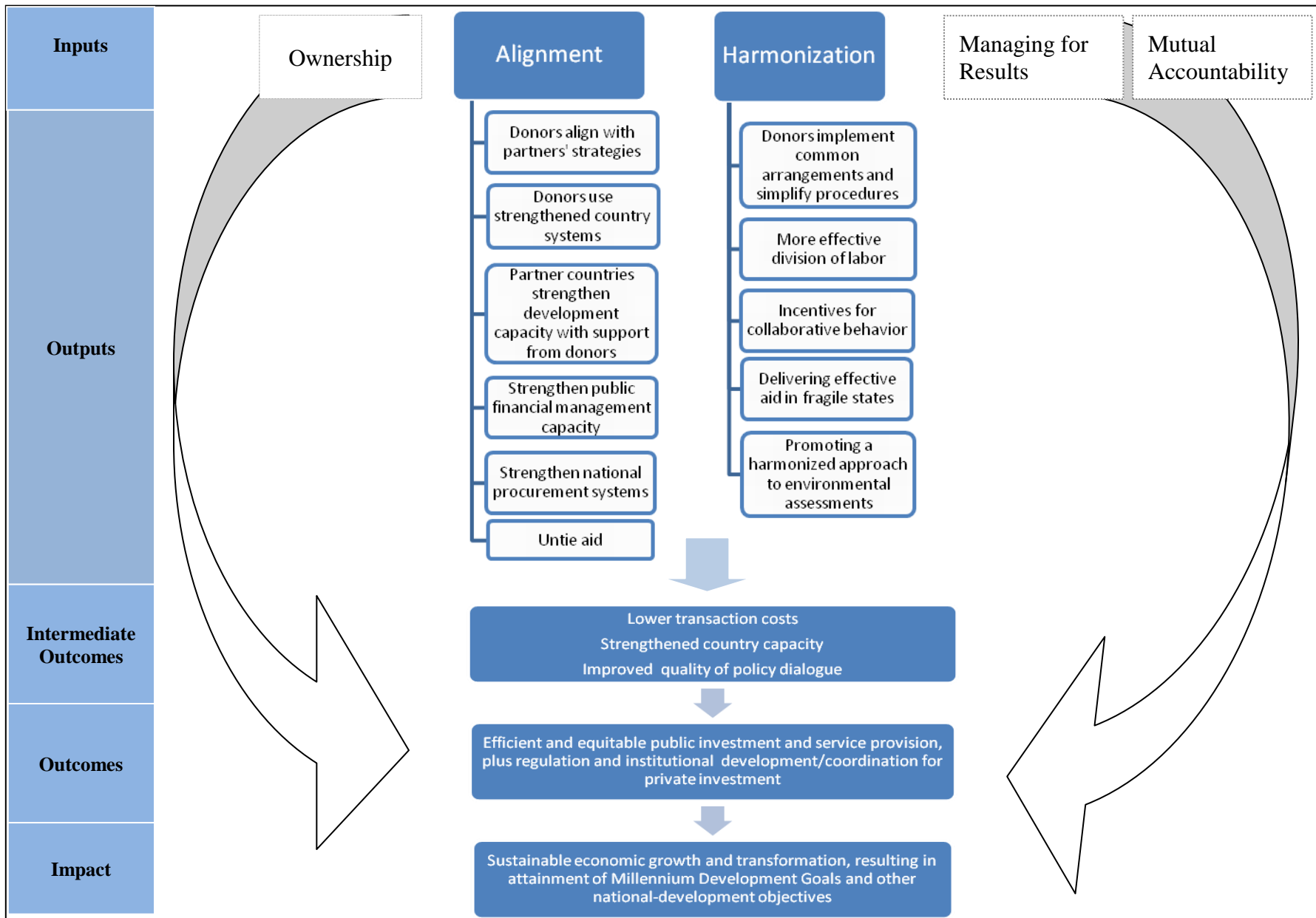
¹¹ The agenda initially focused on harmonization—see the Rome Declaration on Harmonization (2003). However, even on the heels of the Rome Declaration, there was already “... explicit recognition that harmonization covers alignment with partner countries” (OPCS, 2003, p.1). By 2005, harmonization and alignment have become recognized as two central tenets of donor coordination (see OPCS, 2005).

¹² Of the 12 monitoring indicators that the Bank has committed to under the Paris Declaration, 9 pertain to H&A, 8 of which are solely the responsibility of donors (including the Bank), and the remaining one is under the joint responsibility of both donors and partner countries.

¹³ This is taken from Booth and Evans (2006) who presented an indicative outline framework for the evaluation of the Paris Declaration in their paper for the DAC Evaluation Network.

¹⁴ This is also taken from Booth and Evans (2006).

Figure 1: Donor Coordination (Alignment and Harmonization) and the Implicit Logical Framework for the Paris Declaration



Source: IEG, drawing from Booth and Evans (2006) and the Paris Declaration.

12. The Bank's activities in donor coordination have preceded, and been reinforced by, the PD. Under the PD, the Bank has committed itself to a series of H&A actions, some of which have associated monitoring indicators (with targets to be met by 2010). Additionally, the Bank has also committed itself to other activities pertaining to H&A in various Bank documents, including some commitments made in the context of IDA 15 Replenishment.¹⁵ Table 1 presents the Bank's H&A activities (second column) and their correspondence with the PD monitoring indicators. While there is a large overlap between the Bank's H&A activities and the PD commitments in H&A, they are not exactly the same, as some of the PD commitments do not pertain to the Bank (such as untying of aid), while the Bank has also committed itself to other H&A actions beyond what is committed under the PD (such as mission-free period, etc.; see Appendix 1).

13. The PD is undergoing an evaluation (see Appendix 3), the timing of which coincides with the timing of this evaluation. Specifically, this evaluation is expected to be completed in time (see para. 23) to inform the Fourth High Level Forum in Seoul (fall of 2011), where the synthesis report for Phase 2 of the PD Evaluation will be submitted.

Framework of this Evaluation

14. The evaluation period is FY05-09, that is, the period after the signing of the Paris Declaration. The evaluation will be structured around the various Bank instruments for providing support to countries. These instruments are strategies, and lending and non-lending activities. For each of these instruments, the Bank has committed to certain H&A actions that will be the focus of this evaluation (second column of Table 1)—these are considered as H&A outputs by this evaluation. The Bank has also committed to certain actions that can be considered as inputs to achieve these outputs.¹⁶ These inputs and outputs are part of the logical framework for the evaluation (Figure 2).

15. The evaluation will assess the relevance and efficacy of Bank outputs in achieving the objectives of donor coordination—*reducing transactions costs, strengthening country capacity to use aid more effectively, and improving the quality of policy dialogue* (the intermediate outcomes in the logical framework). For those outputs that are found to be relevant in achieving these intermediate outcomes, the evaluation will assess the relevance and efficacy of the Bank inputs in achieving the outputs. The evaluation will also cover other intermediate outcomes that may emerge from the evaluation.

¹⁵ The sources of Bank H&A actions are OPCS (2006), IDA and OPCS (2007), OPCS (2009a).

¹⁶ The sources of these actions are: OPCS (2006), IDA and OPCS (2007), and OPCS (2009a).

Table 1: Bank Actions on Harmonization and Alignment and Their Relationship with the Paris Declaration Commitments

	BANK H&A ACTIONS	INDICATORS MONITORED UNDER THE PARIS DECLARATION FRAMEWORK	
ALIGNMENT			
Aid flows are aligned on national priorities	Aligning CASs with countries' poverty reduction strategies	#3	Share of aid disbursed for the government sector in partners' national budgets
Strengthen capacity by co-ordinated support	**	#4	Share of technical co-operation that is coordinated
Use of country public financial management systems	Support countries' efforts to strengthen financial management as basis for progress in use of country systems	#5a	Share of aid disbursed for the government sector using country PFM systems
Use of country procurement systems	Further efforts to develop and used country procurement systems through piloting program (approved by Bank Board on June 2008)	#5b	Share of aid disbursed for the government sector using country procurement systems
Avoid parallel implementation units	Reduce reliance on parallel PIUs— introduce specific criteria in investment lending guidelines to integrate PIUs into government structures as the default option for IDA projects, and require explicit justifications when parallel PIUs are used	#6	Number of parallel PIUs
HARMONIZATION			
Use of common arrangement or procedures	<ul style="list-style-type: none"> • Coordinated budget support • Sector-wide approaches • Harmonization of legal documentation and provisions in multi-donor financing arrangements 	#9	Share of program-based aid
Encourage shared analysis	Joint missions	#10a	Share of joint missions
	Joint diagnostic work (with donors/countries)	#10b	Share of joint analyses
Selectivity	Country-led selectivity in CASs and participation in division of labor exercises; participate in joint or collaborative assistance strategies		

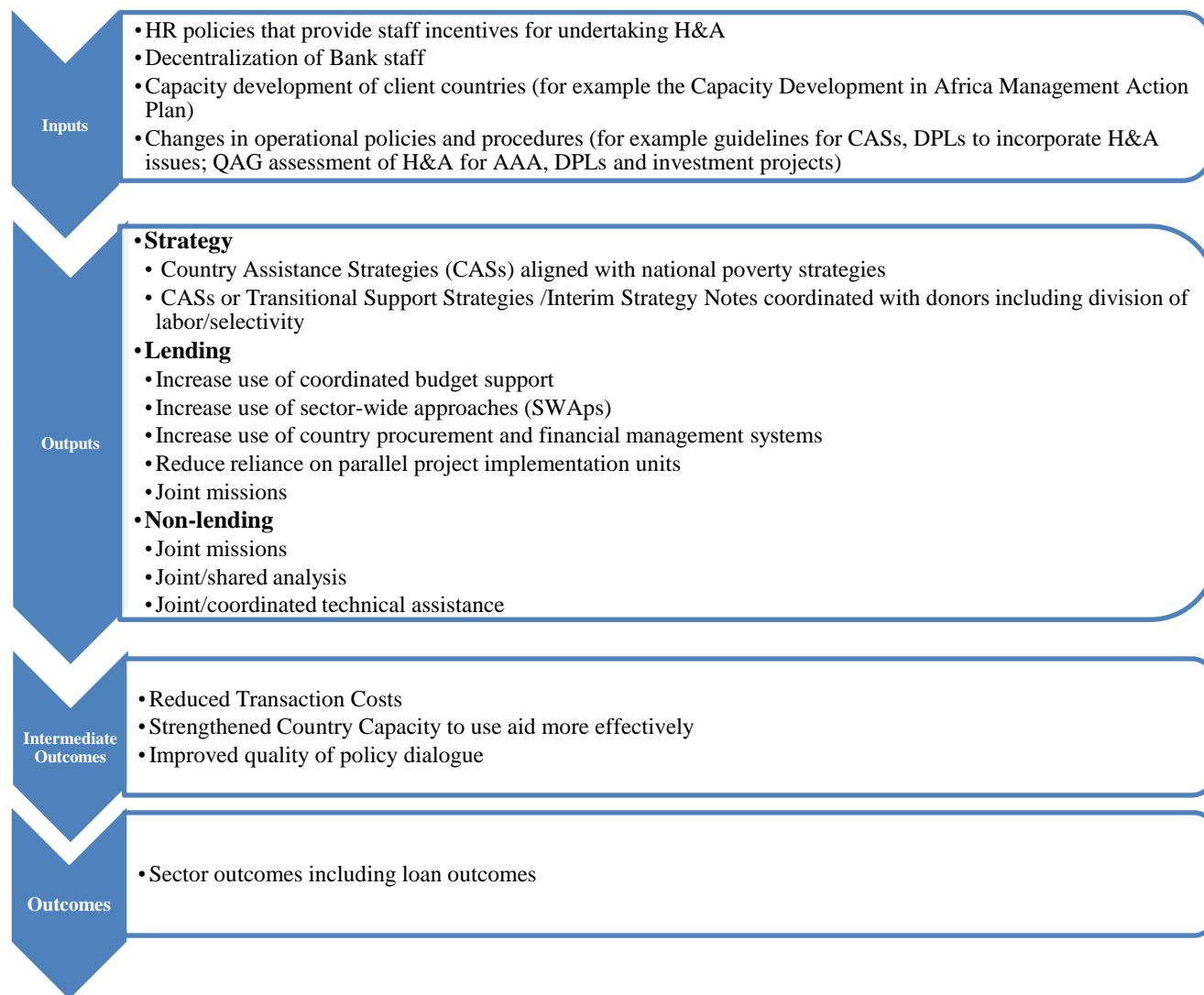
Source: IEG, based on the Paris Declaration and OPCS (2006), IDA and OPCS (2007), and OPCS (2009a). See also Appendix 1.

Note: **While the Bank has not committed to specific actions in this area, it had indicated in 2006 that it was already well on its way to meeting the PD targets at that time.

16. The intermediate outcomes, in turn, are aimed at achieving better sectoral outcomes (including loan outcomes). However, given the time lags and the problem of attribution, the extent to which the intermediate outcomes lead to these outcomes is difficult to assess. Achieving the intended outcomes is likely to take longer than the few years since the Bank's

push for greater H&A subsequent to signing the Paris Declaration.¹⁷ The outputs according to the Declaration are targeted to be achieved by 2010, but even if achieved by then the outcomes are unlikely to be readily measurable until after that time.¹⁸ Moreover, the challenge of attribution is particularly vexing: the complex, multidimensional context of development with many different actors makes attributing outcomes to the contribution of the Bank virtually impossible.¹⁹ However, it should be possible, to an extent, to examine associations between outcomes and indicators of donor coordination. While associations will not establish causality, they can point towards (or away from) the probability of a causal link.

Figure 2: Logical Framework for the Evaluation



¹⁷ This is also the view of Booth and Evans (2006).

¹⁸ The outputs refer to the indicators monitored under the Paris Declaration Framework (see Table 1). Examples of the targets to be met by 2010 are: reducing by two-thirds the stock of parallel PIUs; 66% of aid flows are provided in the context of program-based approaches; 40% of donor missions to the field are joint; and, 66% of country analytic work is joint.

¹⁹ The influence of the PD on development outcomes is being evaluated under Phase 2 of the Paris Declaration Evaluation (see Appendix 3).

The Evaluation Questions

17. The evaluation will assess each of the H&A actions listed in the output section of the logical framework (Figure 2) with respect to the following questions.

- I. *To what extent have the H&A actions been taken?* This part of the evaluation takes stock of what the Bank has undertaken in terms of H&A actions. Since several of the H&A actions of the Bank are also PD commitments, this part of the evaluation will draw on the indicators that the Bank has committed to reporting on under the PD.²⁰ The evaluation will also undertake new work to assess the H&A actions outside of those monitored under the PD, such as the ones pertaining to aligning CASs with poverty reductions strategies, and coordinating CASs with other donors (including through selectivity, division of labor exercises, and joint CASs). To the extent the Bank has undertaken such reviews, for example with respect to coordinating CASs with other donors in the most recent CAS retrospective,²¹ this evaluation will seek to validate (or not) those findings.
- II. *To what extent have the H&A actions resulted in (a) lower transactions costs, (b) greater country capacity, and (c) improved quality of policy dialogue, and what are the lessons and good practices?* This is the crux of the evaluation—it assesses the relevance and efficacy of Bank H&A actions in achieving the objectives (intermediate outcomes) of reducing transactions costs, strengthening country capacity, and improving the quality of policy dialogue. Specifically, this part of the evaluation will address the following questions (there may be others that would emerge in the course of the evaluation).
 - a. *Changes in transactions costs arising from the H&A actions.* The reduction of transactions costs—and hence relieving the strain on government capacity—is one of the main motivations behind the H&A agenda of the global community. Yet, even prior to the signing of the Paris Declaration, the Bank had acknowledged that “..upfront costs (in terms of time and effort, and hence money) for both donors and partner countries of changing their approaches to delivering development assistance are significant, and the benefits in terms of reduced costs and greater results accrue mainly in the medium to long term.”²² The evidence so far has indicated that some H&A actions have raised transactions costs for both the Bank and partner countries. The Bank has noted that higher transactions costs for the Bank for some H&A actions (such as for preparing sector-wide approaches²³ or negotiating memoranda of understanding with donors²⁴) may reflect the permanent costs of delivering aid more effectively. While the Bank may need to be reconciled to the (permanently) higher transactions costs,²⁵ it could be quite a

²⁰ The Bank’s progress in fulfilling Paris Declaration commitments has been reported in the 2006 and 2008 Surveys on Monitoring the Paris Declaration undertaken by the OECD. (The next monitoring survey is to be launched in January 2011, around the time that this evaluation is expected to be completed). Additionally, the evaluation will draw on the results of the annual surveys of the Multilateral Organisations Performance Assessment Network (MOPAN); these survey donor perceptions of multilateral partnership behavior at the country level. The World Bank was covered in the 2003, 2005, 2008, and 2009 Surveys. (MOPAN members are: Austria, Canada, Denmark, Finland, France, Ireland, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom).

²¹ OPCS (2009b).

²² OPCS (2005), p.2.

²³ OPCS (2006), p.vi.

²⁴ World Bank (2007), p.17.

²⁵ Ibid.

different matter if such transactions costs are raised permanently for partner countries (although transactions costs may be raised for partner countries in the short term as new institutional arrangements for delivering aid are being put in place).²⁶

To the extent possible, the evaluation will attempt to quantify transactions costs (for each action) for both the Bank and partner countries, although it would be difficult in many instances given the likely lack of baseline (or counterfactual) measurements against which transaction costs under a more coordinated regime can be measured. It is expected that much of the assessment of transactions costs in this evaluation would be based on qualitative information, supplemented by quantitative measurements where possible. The kind of qualitative information that is expected to be obtained would include perceptions by government officials, donors, and Bank staff on the changes in transactions costs that have resulted from the H&A actions. The kind of quantitative measurements that may be obtained could include the number of missions, the number of meetings, the number of reporting requirements, etc., before and after adopting the H&A actions.

b. *Changes in country capacity arising from H&A actions.* The evaluation will go beyond assessing the extent to which country systems are being used and the extent to which parallel project implementation units are being used (assessed in (I) above) to ascertaining the reasons behind the outcomes to date. Depending on the findings, the evaluation could attempt to ascertain country characteristics that could be associated with the use of country systems. The evaluation will also aim to assess whether adoption of country systems and reduction in the use of parallel project implementation units reflect actual strengthening of government capacity or other reasons, and what those reasons might be. To the extent that country systems (or elements thereof) are not used, the evaluation will assess the extent to which the Bank is taking action to build country capacity in those areas.

c. *Improving the quality of policy dialogue.* Some of the Bank H&A actions are aimed at improving the quality of policy dialogue. These include decentralization (such as moving sector leaders to the field in the Africa Region to help address the needs to improve the quality of sector dialogue with clients);²⁷ coordinated budget support (which helps strengthen the policy dialogue between the government and development partners);²⁸ division of labor exercises;²⁹ and sector-wide approaches (which are characterized by, *inter alia*, a clear sector policy).³⁰ The evaluation will attempt to assess the extent to which these actions have improved the quality of policy dialogue, and possible lessons that can be derived.

d. *Sectoral and country differences in H&A experiences.* The evaluation will attempt to assess, *inter alia*, whether programmatic lending, joint AAA and joint missions may be more useful or effective in certain sectors or areas than others; whether Bank-led donor coordination is more effective in certain sectors than others; whether and how the Bank should be selective; and

²⁶ The discussions on the Phase 2 Evaluation of the Paris Declaration indicate the increasing recognition that there are both costs and benefits to the PD commitments, and these could be different in the short versus the long-term. Source: Paris Declaration Evaluation International Reference Group Meeting, “Key Conclusions and Follow-Up Actions,” November 30, 2009.

²⁷ IDA and OPCS (2007), p.15.

²⁸ Ibid, p.18.

²⁹ Ibid, P.27.

³⁰ OECD-DAC Working Party on Aid Effectiveness (2005).

whether there are differences in H&A experiences between countries with lower capacity (fragile states) compared to those with higher capacity (non-fragile states), and what are the corresponding lessons. The IEG team will explore the option of selecting sector(s) to drill down for greater focus in the evaluation; the sector(s) to be selected would be those where there is significant donor support, such as education, health and infrastructure.

- III. *To what extent have the H&A actions had an impact on sectoral (and loan) outcomes?*
The evaluation will, to the extent possible, review associations between H&A actions and sectoral (and loan) outcomes. As noted above, given the problems of time lag and attribution, such associations could only point towards (or away from) the possibility of a causal link, and not be able to establish causality. A few sectors will be selected for assessing possible association between H&A actions and sectoral outcomes.
- IV. *To what extent have the Bank's inputs resulted in the H&A actions?* This part of the evaluation assesses the relevance and efficacy of Bank inputs in achieving the H&A actions. As noted above, Bank inputs and outputs relating to H&A are drawn from Bank documents. Plausible linkages between inputs and outputs are presented in Table 2; other linkages may be established from the evaluation findings. For each of the Bank outputs (presented in the rows), the evaluation will assess the extent to which the corresponding inputs (marked by an "x" where they may apply) have played a contributing role.

Table 2: Bank Inputs and Outputs for Harmonization and Alignment

		<i>Inputs</i>				
		<i>HR policies/staff incentives</i>	<i>Decentralization</i>	<i>Bank initiatives</i>	<i>Capacity Development</i>	<i>Changes in Bank operational policies/procedures</i>
<i>Outputs</i>	Align CAS with national poverty reduction strategies					X
	Coordinate CAS with donors	X	X	X		
	Increase share of coordinated budget support in lending	X	X	X		
	Increase share of SWAps in lending	X	X	X		
	Increase use of country procurement and financial management systems in projects	X		X	X	X
	Reduce use of parallel project implementation units	X		X	X	
	Increase joint missions	X	X	X		
	Increase joint/shared analysis	X	X	X		
	Increase coordinated technical assistance	X	X		X	

Source: IEG, based on OPCS (2006), IDA and OPCS (2007), and OPCS (2009a).

18. Based on the findings from the above questions and others that might emerge during the course of the evaluation, IEG will derive recommendations on Bank actions—on both the input and output sides—to better achieve the objectives of reducing transactions costs, building capacity of partner countries, and improving the quality of policy dialogue. This part of the evaluation will also draw on findings from other IEG evaluations that cover donor coordination. These include the completed Poverty Reduction Support Credit Evaluation, the Health, Nutrition, and Population Evaluation, and various Country Assistance Evaluations, as well as ongoing evaluations of global programs and trust funds.

Scope of the Evaluation

19. This is the only independent evaluation of the Bank’s contribution to donor coordination. This evaluation complements other evaluations on donor coordination including the PD Evaluation mentioned earlier, as well as the annual surveys by the Multilateral Organisations Performance Assessment Network (MOPAN) on bilateral perceptions of multilateral partnership behavior at country level. These other evaluations do not specifically evaluate the Bank’s contribution to donor coordination at the country level,³¹ which this evaluation does.

20. The evaluation will focus on low income countries (classified by the Bank as of July 2009 as countries that have per capita incomes of \$975 or less³²) for which IDA is an important source of aid (where at least 10 percent of total aid is from IDA). These are countries that will be dependent on aid inflows for the foreseeable future, for which donor coordination will continue to be important for some time to come. The evaluation will cover countries that are fragile states as well as those that are not fragile states. The evaluation will not cover conflict-affected³³ countries as the needs of these countries tend to be quite different from those of other countries.

21. Non-DAC donors—such as China, Russia, India, and Middle Eastern donors, among others—have become increasingly important over the recent years. The evaluation will include an assessment of the Bank’s efforts in coordinating with these donors, to the extent that information is available. Aside from non-DAC donors, partnership programs (both global and regional) and trust funds have also become increasingly important in many developing countries. The evaluation will aim to assess the importance and challenges of donor coordination of these aid flows through the country studies and through cross-referencing ongoing evaluations in IEGCG of trust funds and the Global Fund. The evaluation will not, however, aim to separately evaluate the contribution or coordination of these funds.

Evaluation Tools

22. The following will be undertaken to answer the evaluation questions.

Country Reviews. It is expected that most of the evaluation findings will be derived from country reviews. Around 10 reviews will be undertaken, with the countries to be selected

³¹ Phase 2 of the PD Evaluation concerns country evaluations and not donor evaluations. The donor studies that are to be undertaken for the Phase 2 PD Evaluation are primarily for updating data and are not evaluative.

³² The classification is based on 2008 gross national income per capita.

³³ These are: Afghanistan, Burundi, Democratic Republic of Congo, Eritrea, and Liberia. These countries are eligible for IDA Post-Conflict Allocation as of November 2009.

randomly from the list of 24 low-income countries for which IDA is an important source of aid, and which do not have conflict-affected status (see Appendix 2). The country reviews will entail interviews with Bank staff, government counterparts, and donors, and will entail field visits.

Desk Reviews. The country reviews will be supplemented by desk reviews where relevant to expand the evidentiary base for the evaluation. For example, desk reviews of CASs to assess selectivity and division of labor in Bank assistance will be conducted to supplement the evidence on this from country reviews.

Staff Survey. An electronic survey of staff will be conducted for validating the findings from the country reviews and desk reviews.

Management and Budget

23. A draft report will be submitted to Bank management for review and comment in the second quarter of FY11, and to CODE for discussion during the third quarter of FY11. The task team will be led by Helena Tang (IEGCG) under the direction of Mark Sundberg (Manager, IEGCG). The evaluation is budgeted for US\$540,000 and is supplemented by \$50,000 from NORAD trust funds.

Communication and Outreach

24. The findings and lessons from this evaluation are expected to be of interest to a broad audience, including Bank managers and staff, other multilateral and bilateral donors, and government officials in low-income countries in particular the case study countries. Signatories to the Paris Declaration are likely to be particularly interested in the report.

25. The final report will be disseminated internally and externally. Internal dissemination is expected to be in the form of a Bank-wide event. A Fast Track Brief will be distributed to all Bank staff, and electronic copies to those interested. In addition, the findings of the report will be made available and/or presented to the relevant sector boards (those sector boards responsible for the sectors selected for focused study in the evaluation). Externally, the findings may be presented at a relevant forum such as the annual World Bank Group Donor Forum in Paris, and other fora associated with the Paris Declaration evaluation. Presentation of the findings to selected bilateral donors could also be considered. Hard copies of the report will be distributed at these external fora, as well as to all stakeholders interviewed for the evaluation.

Appendix 1: Bank Actions on Harmonization and Alignment

Paris Declaration commitments	Bank actions (OPCS, 2006)	Bank actions (IDA and OPCS, 2007)	Bank actions (OPCS, 2009)
Alignment			
Aid flows are aligned on national priorities	Aligning CASs to PRSPs	Aligns CAS with countries' poverty reduction strategies	Aligns CAS with countries' poverty reduction strategies
Use of country public financial management (PFM) systems	Use country PFM systems: DPOs (by definition) Investment lending	Continue to support countries' efforts to strengthen financial management and procurement systems as basis for progress in use of country systems	Further efforts to develop and used country procurement systems through piloting program
Use of country procurement systems			
Avoid parallel project implementation units (PIUs)	Reduce reliance on parallel PIUs	Revise investment lending guidelines to require integration of PIUs into government structures as the default option for IDA projects; proposal to establish new PIUs will be considered as an exception and need to be clearly justified	Develop specific criteria to more aggressively move toward integrated systems, build country capacity, and provide explicit justifications when parallel PIUs are used
		Decentralization	Deepen decentralization
Harmonization			
Use of common arrangement or procedures	Lending through: SWAPs DPOs Projects with joint financing	Coordinated budget support Sector-wide approaches Encourage harmonization of legal documentation and provisions in multi-donor financing arrangements	
Encourage shared analysis	Joint missions	Joint missions	
	Joint diagnostic and ESW (with donors/countries)	Joint diagnostic work	
		Mission-free periods	
		Co-chairing donor meetings	
	CASs to assess donor relations and measures to increase harmonization, and Bank support for building country's capacity to lead and improve aid management.	Helping partner countries to improve their aid management capacities	
	Promote selectivity as an instrument of aid effectiveness	Country-led selectivity in CASs and participation in division of labor exercises; participate in joint or collaborative assistance strategies	Selectivity under country leadership—the Bank could do better in using the CAS process to be more selective
		Disseminating good practice from one country team to another	Gather best practices on key aid effectiveness issues including sector-wide and budget support, use of country systems and PIUs

Source :IEG, based on the Paris Declaration, OPCS (2006), IDA and OPCS (2007), and OPCS (2009a).

Appendix 2: List of candidate countries for country reviews and their various attributes for selection purposes

Country	Region	Share of IDA in Total Aid (2005-07) ^{1/}	Rank of IDA as source of aid (2005-07) ^{1/}	Share of DPL in Total Lending (FY05-09) ^{2/}	Share of Co-financed Lending in Total Investment Lending (FY05-09) ^{2/}	Share of Joint ESW in Total Delivered (FY05-09) ^{2/}	Share of Joint NLTA in Total Delivered (FY05-09) ^{2/}	Population (in millions) ^{3/}	GNI per capita (Atlas Method, in current US\$) ^{3/}	Fragile States	Paris Declaration Evaluation Phase 1	Paris Declaration Evaluation Phase 2
Benin	AFR	11.9%	4	27.8%	44.4%	21.4%	33.3%	8.7	690			x
Burkina Faso	AFR	21.0%	1	47.7%	46.4%	33.3%	40.0%	15.2	480			
Central African Republic	AFR	16.6%	3	73.6%	0.0%	57.1%	50.0%	4.4	410	x		
Ethiopia	AFR	20.7%	1	3.8%	35.6%	25.0%	22.2%	80.7	280			
Gambia, The	AFR	12.5%	3	20.6%	74.1%	37.5%	25.0%	1.7	390	x		
Ghana	AFR	17.0%	2	55.2%	45.6%	47.1%	18.2%	23.4	670			x
Guinea	AFR	12.7%	4	0.0%	15.2%	40.0%	0.0%	9.8	390	x		
Kenya	AFR	11.3%	2	0.0%	19.7%	20.7%	28.6%	38.5	770			
Madagascar	AFR	17.9%	1	40.6%	0.0%	23.5%	21.4%	19.1	410			
Malawi	AFR	11.1%	3	13.9%	31.4%	37.5%	7.7%	14.3	290			x
Mali	AFR	13.0%	3	29.5%	0.0%	31.3%	16.7%	12.7	580			x
Mauritania	AFR	11.0%	4	0.0%	0.0%	25.0%	25.0%	3.2	840			
Niger	AFR	13.9%	3	48.7%	0.0%	25.0%	33.3%	14.7	330			
Senegal	AFR	12.5%	2	34.2%	72.0%	22.2%	12.5%	12.2	970		x	x
Sierra Leone	AFR	11.9%	3	19.2%	34.9%	28.6%	0.0%	5.6	320	x		
Tanzania	AFR	19.7%	1	39.1%	36.3%	41.9%	30.8%	42.5	440			
Uganda	AFR	20.0%	2	37.1%	43.1%	25.0%	25.0%	31.7	420		x	x
Lao PDR	EAP	11.8%	2	25.5%	20.7%	30.4%	17.6%	6.2	740	x ^{4/}		
Vietnam	EAP	23.8%	2	23.8%	36.8%	51.2%	12.2%	86.2	890		x	x ^{5/}
Kyrgyz Republic	ECA	11.4%	3	0.0%	45.3%	23.1%	20.0%	5.3	740			x ^{5/}
Tajikistan	ECA	15.4%	4	25.6%	33.6%	42.9%	11.1%	6.8	600	x		
Yemen, Republic of	MNA	22.7%	1	9.3%	55.1%	15.0%	16.7%	23.1	950			
Bangladesh	SAR	19.5%	1	47.6%	27.9%	12.8%	25.0%	160.0	520		x	x
Nepal	SAR	22.0%	1	0.0%	19.6%	27.8%	0.0%	28.6	400	x		x

1/ From OECD-DAC Aid Activity database (CRS). Calculations based on commitments and includes only the DAC member countries and agencies.

2/ From World Bank internal database.

3/ From DDP, data is for 2008 and when not available 2007 figures have been used.

4/ Have been classified by the World Bank as fragile from FY06 to FY09 but not in FY10.

5/ Tentative.

APPENDIX 3: THE PARIS DECLARATION EVALUATION

The Paris Declaration has envisioned that monitoring and evaluation as being integral to the PD commitments. Specifically, the Declaration has indicated that “We [the signatories of the PD] will... explore independent cross-country monitoring and evaluation processes....to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.”³⁴

Evaluation of the PD is being done in two phases. Phase 1 of the Evaluation, already completed, assessed the early implementation of the PD, from March 2005 to late 2007. It comprised extensive assessments in 8 countries (4 of which overlap with the list of countries in Appendix 2), together with less extensive studies of 11 development partner or “donor” agencies, focusing at the headquarters level.³⁵ In accordance with the PD’s intention that monitoring and evaluation “...should be applied without imposing additional burdens on partners...,” participation in the evaluation by countries and agencies was on a voluntary basis. The countries and agencies which volunteered to be in the Phase 1 Evaluation are among the acknowledged leaders in aid effectiveness reforms.³⁶

Phase 1 of the Evaluation found mixed progress in implementation. It concluded with the publication of a Synthesis Report (July 2008)³⁷ on the country and agency assessments, and of four thematic papers.³⁸ The Phase 1 Evaluation has contributed to ongoing aid effectiveness policy debates in the Third High Level Forum on Aid Effectiveness in Accra, Ghana (where the Synthesis Report was submitted) in September 2008 and in other fora.

While the Phase 1 Evaluation focuses on practical lessons learned about implementation, the Phase 2 Evaluation has a relative emphasis on results. Specifically, the Phase 2 Evaluation will involve an extension of the Phase 1 Evaluation on implementation to a larger number of countries to provide a more balanced mix of countries in terms of progress in the implementation of the PD principles. Additionally, the Phase 2 Evaluation will identify the PD consequences of development outcomes and results.

The Phase 2 Evaluation has been initiated, and a preliminary list of countries and agencies which have volunteered to participate in that Evaluation has been identified.³⁹ The core of the evaluation is built around country evaluations, whereas agency reports are intended as inputs to update Phase 1 data. The country evaluations are planned to be produced by November/December 2010, and a draft Synthesis Report to be produced during January-April 2011. The Phase 2 Evaluation Synthesis Report will be submitted to the Fourth High Level Forum in Seoul in November 2011.

³⁴ The Paris Declaration, p.3.

³⁵ The agencies are: Asian Development Bank, Australia, Denmark, Finland, France, Germany, Luxembourg, Netherlands, New Zealand, United Kingdom, and the United Nations Development Group.

³⁶ Stern et al (2008), p. xi.

³⁷ Ibid.

³⁸ The four thematic papers are: “The Applicability of the Paris Declaration in fragile and conflict-affected situations” (August 2008), “The Development Effectiveness of Untied Aid” (October 2008), “The Paris Declaration, Aid Effectiveness and Development Effectiveness” (November 2008), and “Support to Statistical Capacity Building” (May 2009).

³⁹ The agencies participating (as of October 2009) are: African Development Bank, Austria, Japan, Ireland, Spain, Sweden, and the U.S.

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