

# Paris Declaration on Aid Effectiveness

## Ownership, Harmonization, Alignment, Results and Mutual Accountability

Key Note presentation at  
an ERD organized Dissemination Workshop on  
**Paris Declaration and Bangladesh Harmonization Action Plan**

by

**Muhammad Abdul Mazid**

Member, Planning Commission

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# Plan of Presentation

- Historical Context
  - Monterrey
  - Marrakech
  - Rome and
  - Paris
- Salient features of Paris Declaration
  - Commitments
  - Indicators
- Monitoring Paris Declaration
  - OECD DAC survey 2006
  - Bangladesh Harmonisation Action Plan 2006

## Historical Context: Global meetings and declarations on Aid effectiveness

- Monterrey
- Marrakech
- Rome
- Paris

# *Monterrey Consensus*

(Statement of Heads of Multilateral Development Banks, Monterrey, Mexico, March 19, 2002)

- Priorities for mobilizing domestic and international financial resources
- increasing international financial and technical cooperation,
- boosting trade as the engine for development,
- addressing systematic issues & external debt & staying engaged-
- development can not be achieved in isolation from the surrounding country conditions
- to position individual assistance program within the overall context of the country's priorities and constraints and the support provided by other partners.
- Scaling up work on Measuring, Monitoring, & Managing for Results
- Support for country capacity-building for Measuring, Monitoring, & Managing for Results- going forward, this is a priority area for harmonization-both within and across agencies-including with other development partners in the context of the MDGs and the PRSP process.

# *Rome Declaration on Harmonization*

## (February, 2003)

- Reaffirmed commitment to eradicate poverty, achieve sustained economic growth, and promote sustainable development
- Agreed to enhance international effort to **harmonize** the operational policies, procedures and practices of both donor and partner country systems to improve the **effectiveness** of development assistance, thereby to contribute to meeting MDGs.
- Expressed concerned over wide variety of donor requirements and processes which do not always fit well with national development priorities, generating unproductive transaction costs, drawing down limited capacity of partner countries. Recognized that these issues require urgent, **coordinated and sustained action**.
- Attached high importance to partner countries' assuming a **stronger leadership role in the coordination, ownership** and to **capacity building**
- Acknowledged that simplification, harmonization of requirements and reduction of associated costs can be possible by **improving fiduciary, public accountability** and enhancing focus on **concrete development results**

# ***Rome Declaration on Harmonization***

## ***(February, 2003)***

- Committed activities to enhance harmonization-
- ensure dev assistance with partner country priorities and adaptability
- review to amend policies and procedures, streamline conditionality
- implement good practice standards on specific country circumstances
- intensify donor efforts to work through delegated cooperation at country level & increase flexibility of country-based staff to manage
- develop incentives and staff recognition that foster management and benefits of harmonization
- provide support country analytic work, strengthen government leadership ability, ownership of dev results-forge partnership, collaborate to improve policy
- expand 14 partner country (including Bangladesh)-led efforts to streamline donor procedures and practices
- provide budget, sector, balance of payment support for following good practice principles including alignment with national budget cycle and PRS

# ***Marrakech Memorandum on Managing for Development Results*** (February 2004)

- Affirmed commitment to fostering a global partnership on MfDR
- Accorded highest importance to supporting countries in strengthening their capacity to better manage for development results.
- Recognized that to steer the development process towards the goals countries need stronger capacity for strategic planning, accountable management, statistics, monitoring and evaluation
- Also recognized the need to align cooperation programmes with country results, define the expected contribution of support to country outcomes
- Committed for a global partnership to reduce the burden on countries of multiple, agency-driven reporting requirements and M&E systems
- Agreed that extraordinary efforts are required on the part of developing and developed countries to accelerate progress on economic growth and poverty reduction. The challenge is enormous, but so are the potentials rewards; healthy and educated children, productive youth, empowered communities, and a safer and more equitable world.

# Road from Rome to Paris

## Setting of Six Goals

- **Goal 1: Strengthen capacity for development**
- **Goal 2: Align around country strategies and systems**
- **Goal 3: Intensify harmonization and complementarities**
- **Goal 4: Enhance accountability for development**
- **Goal 5: Financing partners' medium-term development programs**
- **Goal 6: Managing for development results**

# PARIS DECLARATION

- Ministers and other high-level officials of about 90 developed and developing countries, and heads/officials of 27 aid agencies endorsed the Paris Declaration on Aid Effectiveness: Ownership, harmonization, Alignment, Results and Mutual Accountability
- The Paris Declaration takes its place as one of the milestones in the global effort to increase how effectively resources are used—a chain of commitments and efforts rooted in 1990s.

# The Paris Declaration (March, 2005)

the signatories reaffirm their commitments

- to harmonize and align aid delivery
- to accelerate progress in implementation in different areas and
- to taking concrete and effective action to address the remaining challenges;

they agreed

- to adapt and apply to differing country situations,

they accepted

- the specified indicators, timetable and targets and to monitor and evaluate Scale up implementation

## PARIS DECLARATION

# Scale up for more effective aid

- **Strengthening partner countries' national development strategies**
- **Increasing alignment of aid with partner countries' priorities**
- **Enhancing donors' and partner countries' respective accountability to their citizens and parliaments**
- **Eliminating duplication of efforts and rationalizing donor activities to make them as cost effective as possible**
- **Reforming and simplifying donor policies and procedures to encourage collaborative behaviour**
- **Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement , fiduciary safeguards and environmental safeguards**

## PARIS DECLARATION

# Scale up for more effective aid

Taking concrete and effective action to address challenges, including

- Weaknesses in partner countries' institutional capacities to develop and implement results driven national development strategies
- Failure to provide more predictable and multiyear commitments on aid flows
- Insufficient delegation of authority to donors' field staff
- Insufficient integration of global programs and initiatives into partner countries' broader development agenda
- Corruption and lack of transparency

## PARIS DECLARATION

# Partnership Commitments

### **OWNERSHIP**

- Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions
- 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 use strengthened country systems
- Partner countries strengthen development capacity with support from donors
- Strengthen public financial management capacity
- Strengthen national procurement systems
- Untie aid: getting better value for money

## PARIS DECLARATION

# Partnership Commitments

## HARMONIZATION

- Donors' actions are more harmonized, transparent and collectively effective
- Donors implement common arrangements and simplify procedures
- Partner country to provide clear views on donors' comparative advantage
- Donors to make full use their respective comparative advantages at sector or country level by delegating authority to lead donors and work together to harmonize separate procedures
- Incentives for collaborative behavior
- Promoting a harmonized approach to environmental assessments-strengthen the application of EIAs

## PARIS DECLARATION

# Partnership Commitments

### **MANAGING FOR RESULTS**

- **Managing resources and improving decision –making results**
- **Managing and implementing aid in away that focuses on the desired results and uses information to improve decision making**

### **MUTUAL ACCOUNTABILITY**

- **Donors and partners are accountable for development results**
- **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**

# Paris Declaration: Indicators

Indicators		Baseline and Targets for 2010	
1	Operational Development Strategies	Baseline	90% on the basis of CDF analysis
		Target	At least 75% of partner countries have operational development strategies
2a	Reliable Country Public Financial Management System	Baseline	Not Applicable
		Target	Half of the partner countries move at least one measure ( i.e 0.5 points) on the PFM/CIPA scale of performance
2b	Reliable Country Procurement Systems	Baseline	Not Applicable
		Target	One third of partner countries move up at least one measure ( I,e from D to C, C to B or B to A) on the four point scale used to assess performance for this indicator
3	Aid flows are Align on National Priorities	Baseline	90% on the basis of IMF's indicative baseline survey
		Target	Halve the Gap- halve the proportion of aid flows to government sector not reported on government's budgets (with at least 85% reported on budget)

# Paris Declaration :Indicators

Indicators		Baseline and Targets for 2010	
4	Strengthen Capacity by Coordinated Support	Baseline	27% on the basis of WB's indicative baseline survey
		Target	50% of the technical cooperation flows are implemented through coordinated programmes consistent with national development strategies.
5a	Use of Country PFM Systems(% of aid flows)	Baseline	Not Available
		Target	Reduce the gap by two thirds- a two thirds reduction in the proportion of flows to the public sector not using partner countries PFM system
5a	Use of Country PFM Systems(% of donors)	Baseline	Not available
		Target	100% of donors use partner countries' PFM systems

# Paris Declaration :Indicators

Indicators		Baseline and Targets for 2010	
5b	Use of Country Procurement Systems(% of aid flows)	Baseline	Not Available
		Target	Reduce the gap by two thirds- a two thirds reduction in the proportion of flows to the public sector not using partner countries procurement systems
5b	Use of Country Procurement Systems(% of donors )	Baseline	Not Available
		Target	90% of donors use partner countries' procurement system
6	Avoiding Parallel Implementation Structure	Baseline	Not available
		Target	Reduce by two-thirds the stock of parallel PIUs

# Paris Declaration : Indicators

Indicators		Baseline and Targets for 2010	
7	Aid is more Predictable	Baseline	80% on the basis of WB's indicative baseline survey
		Target	Halve the Gap-halve the proportion of aid not disbursed within the fiscal year for which it was scheduled
8	Aid is Untied	Baseline	41% of aid flows are untied
		Target	Continued progress overtime
9	Use of Common Arrangements for Procedures	Baseline	43% on the basis of WB's indicative baseline survey
		Target	66% of aid flows are provided in the context of program based approaches
10 a	Joint Missions	Baseline	15% on the basis of WB's indicative baseline survey
		Target	40% of donor missions to the field are joint

# Paris Declaration: Indicators

Indicators		Baseline and Targets for 2010	
10b	Joint Country Analytic Work	Baseline	30% on the basis of WB's indicative baseline survey
		Target	66% of country analytic work is joint
11	Results oriented Frameworks	Baseline	40% on the basis of CDF analysis
		Target	Reduce the gap by one third- Reduce the proportion of countries without transparent and monitorable performance assessment framework's by one third'
12	Mutual Accountability	Baseline	9% on the basis of WB's indicative baseline survey
		Target	100% of partner countries have mutual assessment reviews in place

2006 Survey on

Monitoring the Paris Declaration

*Country Chapter*

BANGLADESH

# Coordinated by the PRS-HAP cell

- Survey

## Bangladesh chapter



## 2006 Survey On Monitoring the Paris Declaration:

# BANGALDESH

## Baselines and Targets

INDICATORS	2005 BASELINE	2010 TARGET
1 Ownership-Operational PRS	C	B or A
2a Quality of PFM system	3.0	3.5
2b Quality procurement System	Not available	Not applicable
3 Aid reported on Budget	88%	94%
4 Co-ordinated capacity development	31%	50%
5a Use of country PFM systems (aid flows)	48%	No target
5b Use of country procurement systems (aid flows)	48%	Not applicable
6 Parallel PIUs	38	13
7 In year predictability	91%	96%
8 Untied aid	82%	More than 82%
9 Use of program based approaches	41%	66%
10a Co-ordinated Missions	19%	40%
10b Co-ordinated Country analytical work	38%	66%
11 Sound performance assessment framework	D	B or A
12 Reviews of mutual accountability	Yes	Yes

## 2006 Survey On Monitoring the Paris Declaration:

# BANGALDESH

## Overview: Challenges and Priority Actions

Dimensions	Baseline	Challenges	Priority Actions
Ownership	Moderate	Improving clear long term vision	Continue reforms to budget process
Alignment	Moderate	Improving country systems	Draw up national capacity building strategy
Harmonization	Moderate	Continued predominance of uncoordinated project approaches	Explore scope for expansion of sector wide approaches
Managing for results	Moderate	Weak dissemination of development information	Establish monitoring and evaluation systems at sector and local levels
Mutual Accountability	Moderate	Lack of specific indicators of government/donor performance	Implement Harmonization Action Plan

# Bangladesh Harmonization Action Plan

**BANGLADESH  
HARMONIZATION  
ACTION PLAN**



**PRS-HAP Cell**

**Economic Relations Division**

*Aiming to reduce poverty, improve collaboration and sustain development gains towards achieving Millennium Development Goals, the Government and the development partners of the People's Republic of Bangladesh will take the following actions as agreed in Bangladesh Harmonization Action Plan approved in 2006 to promote ownership, alignment, harmonization, managing for results, and mutual accountability for aid effectiveness, based on the Rome and Paris Declarations*



Thank You