

**Harmonisation:
The Centre Piece in the Development Effectiveness Jigsaw**

Stefan Meyer

Researcher, Humanitarian Action and Development programme, FRIDE

Development aid has long been identified with development workers and agencies, operating in poor countries, providing services, building infrastructure, training people and so on. For a long time, the main mode of provision has been the project, and it still is for many agencies. Starting in the 90s, multiple shifts in development concepts reshuffled aid modalities and instruments that are now slowly settling down in a new regime of international aid.

- Development studies and practice rediscovered the **state as main actor** in triggering development, not so much as the planner and deliverer, but as the regulator and safeguardian of the rule of law and enabling the environment for growth. Hence, the World Development Report 1997 *'The State in a Changing World'* depicted the breakthrough of the concept of governance as the one important variable for successful development.
- The concepts of **ownership and participation** have shifted upwards from their local application at community level towards concepts of national ownership of development policies and citizen involvement. The *Poverty Reduction Strategy Papers* – however weak in practice and far from the control of civil society – are the translation of these concepts into the reality of development.
- Known as the micro-macro paradox, scores of seemingly successful projects are contrasted by still rising numbers of the poor, malnourished and under-serviced at national level. In consequence, the attribution gap of development aid –the missing link between outputs and impact– was challenged by a discourse on **managing for development results**, that engages in measuring the outcomes of programmes and policies at the population level. The *Millennium Development Goals* are only the most visible product of this stream of thought.

Whilst these represented the evolution at the conceptual level, a series of conferences – the 2000 Millennium Conference, the 2002 Conference on Development Financing in Monterrey and the Paris Conference 2005– has manufactured a framework of coordination that entails these perspectives and intends to translate them into reality. A consensus emerges that good governance and good donorship are the two sides of the same coin that will ultimately buy poverty reduction. However difficult the translation of high-level-meeting goals into actions of aid agencies and the recipients of aid, this consensus does make a difference by making donors, as well as Southern governments, accountable to agreed procedures and outcomes. Hence, the new aid architecture facilitates mutual accountability.

Looking back at the 80s, development cooperation has been accused of undermining state capacity for service delivery and regulation by either bypassing national structures with parallel project implementation units (PIU) or by simply overloading governments' administrative capacity with reporting requirements and attending to field visits. The examples are legends of how white men travel in big white cars through poverty-stricken zones in the jungles, deserts and mountains of Africa, Latin America and Asia, whereas their government counterparts have barely electricity to illuminate their offices. Against this background, harmonisation became the flagship of a new aid architecture striving for development effectiveness by taking the national framework, the state and country-owned strategies as reference. Taking into account immediate basic needs of populations and other development priorities and going beyond, it additionally considers the impact of aid on recipient states' institutions and governance capacities. The Paris High Level Forum in February-March 2005 summarised the concept of harmonisation in its four components:

- **Ownership:** Meaning that the recipient country sets the agenda;
- **Alignment:** Meaning that donors align with national priorities (such as specified in poverty reduction strategies or sectoral strategies) and rely on partners systems (procurement, public financial management and programme management);
- **Harmonisation:** Meaning that common arrangements for planning, managing and delivering of aid are in place, procedures are simplified and there is information sharing;
- **Managing for Development Results:** Meaning that planning, budgeting, implementation and evaluation systems are integrated towards a result focus. Therefore, governments devise monitoring and evaluation systems at national level to measure the attainment of policy goals, and donors subscribe to using these systems for their own evaluations.

These four elements integrate a system that deeply reforms the aid delivery mode. In general terms, aid shifts from a project approach to a "programme approach". Defining elements of this are that it is led by the host country, it has a single comprehensive programme and budget framework, a formalised process for donor coordination, and it makes the effort to use local systems and procedures.

Donors have to adapt themselves in three areas to respond to the harmonisation agenda:

- Within the donor: Donors have to simplify their procedures and delegate decision-making competences to field offices in order to be flexible enough to respond to the national priority setting and local procedures of accounting and procurement;
- Between donors: Donors have to better coordinate their contributions and answer the 'who-does-what?' question. More information sharing is required at country level, just as well as on international level in coordination fora;
- Between donors and governments: Donors have to respond to development priorities and plans that are developed domestically and have to channel their contributions through the government systems. Reciprocally, recipient governments have to increase the quality of their planning, budgeting and implementation. Particularly, their public financial management and procurement systems must be improved in such a way that donors can have confidence.

Additionally, with the focus on one single development framework both donors and government become more accountable to the recipient state's populace that shifts from its role of "beneficiaries" to "citizens". The national development strategies become measurable and questionable for citizens, represented in their national parliaments - namely the budget commission - or in civil society groups. This might develop as an entry point for human rights-based approaches where states become duty-bearers to fulfil the rights of citizens, potentially transformed into entitlements by national law.

The Paris Declaration of March 2005 signed by 24 donor countries, 60 recipient countries, and multilateral and civil society organisations translates these claims into commitments and makes them measurable. For each of the four dimensions, indicators were defined and quantified and set as target for 2010. Amongst others, the targets for recipient governments are to have operational development strategies and reliable country systems in financial management. Donors have committed to reduce by two thirds the PIUs, channel a significant amount of aid through the partners procurement system, and conduct more field missions jointly. Now donors and recipient governments are left with the homework. More and more, their results are going to be the future discussion themes in the years to come. "Quality aid" will be defined according to the degree of accomplishing harmonisation.

From conditionality to mutual accountability

These frameworks of cooperation cannot conceal the fact that the relation between donor and recipient countries is unequal. It is ultimately the donor government's decision where and how to spend its funds. Donors are accountable to their domestic constituencies, and sometimes –because, first, home-constituencies are voters and, second, development aid is misunderstood as a foreign policy tool– governments are more interested in their own visibility than in development outcomes.

Leaving aside the commitment to good governance –duty of the recipient states (which cannot be enforced either)–, to whom, then, are donors accountable? Nobody obliges donors to deliver quality aid. De Renzio and Mulley define accountability as a combination of answerability and enforceability. First, donors should have to reveal what they do, and, second, if they don't perform they should face sanctions. For a long time this has not been so and the international system is far from the second step of enforcing good donorship. However, the power balance in the aid relationship shifts. Instead of imposing reforms by conditionalising aid, donors and recipients start referring to mutually agreed standards. More and more, these standards are formalised in Memoranda of Understanding or even semi-contractual arrangements. Thereby donors and governments sign an agreement which specifies the commitments of the one that are necessities of the other. Whereas recipient governments need to lower the administrative burden of managing aid, want to integrate inputs into their national planning and delivery systems and require predictable financial flows, donors want to make sure that government standards are met. More and more, these arrangements are measurable and are the basis of recurring renegotiation.

As mentioned before, good governance and good donorship are the two sides of the same coin. In the new framework of mutual accountability, donors should commit to predictability of aid and modalities that enforce national capacities whilst Southern governments should ensure transparency, bureaucratic efficiency and the poverty orientation of their policies. Now, to put it straightforward, it is as interesting as sad to observe that the worst donors seem to gang up with the worst governments. Archarya et al. define "bad donors" as those who proliferate their aid efforts in many small actions across many countries. Similarly, they define "fragmentation of aid" in recipient countries as the presence of many different donors with comparatively small programmes. A statistical analysis of aid data shows that the worst proliferators among the aid donors are especially likely to be suppliers of aid to recipients suffering most from fragmentation. Turned positively, this might hint to an option for committed recipient governments to shift the power balance in the aid relationship. Recipient governments could actually refuse aid that does not meet quality standards, or could impose more conditions to do so, thereby always referring to mutually agreed standards such as the Paris Declaration and the respective discussion around it. For now, this has not yet happened. But given the claims to increase aid and the new attention towards 'good donorship', donors might actually see themselves forced to search for willing recipients and be accountable against quality standards. Within the international community these are being formulated and the peer review gets tighter. The Commitment to Development Index elaborated by the Centre for Global Development is just one example at global level.

At country level, Mozambique –besides Tanzania and Uganda– is one of the most advanced examples of harmonisation. In 2004, the Government of Mozambique (GoM) signed a single Memorandum of Understanding with all its programme donors, that is, donors giving budgetary support. Whereas the GoM reports against a Performance Assessment Framework that outlines improvements in governance and service delivery, the programme donors are assessed against another Performance Assessment Framework for Programme Aid Partners. This assessment, which was carried out in a consultative process, assessed the donors performance against criteria such as predictability, harmonisation, administrative burden, transparency and capacity building. It ended up with a scoring of the respective performance and a ranking of donors (Please refer to the bibliography to see whom came first).

Operationalising harmonisation

To operationalise harmonisation, efforts have to be undertaken in the management of aid provision as well as the management of aid reception. This leads to the two perspectives of preparing for harmonisation first within donor agencies and second at country level.

- Within donor agencies: The key issue of operationalising harmonisation is to inscribe it into the organisational logic of aid agencies. That means, however great the commitment at high level might be, the real difference will be made at the recipient country level and in the triggering down of the necessity for harmonisation from headquarter level to the field offices. Thereby procedures have to be simplified to be able to align with country procedures, decision-making structures have to be devolved to recipient country level, but also incentive structures for staff in field offices have to be changed. Some of these issues are addressed by some donors by action plans that detail concrete steps on how to adapt their agencies to the challenge of harmonisation.
- At country level: The OECD DAC currently embarks on a country based monitoring process of the 12 indicators specified in the Paris Declaration. Under the coordination of a government official, donors and government answer questionnaires and consolidate the data in a consultative process thereby establishing the country information. These surveys are currently taking place and will be finalised in August 2006. A final report presenting results and key findings will be presented by December 2006. The ultimate goal is to establish criteria and increase peer pressure towards harmonisation. This survey is also geared towards triggering a learning exercise at country level. Similar exercises will take place in 2008 and 2010.

Harmonisation in fragile states

The situation of post-conflict environments calls for specific efforts in coordination and harmonisation. The UN Development Group and the World Bank have lately championed Joint Needs Assessments that resulted in Transitional Recovery Matrices. Organisations like OCHA are given the mandate to coordinate donors in post-conflict reconstruction environments. Experiences of successful transitional result matrix have been made in Liberia, Sudan and Haiti.

There are obvious difficulties in classifying the wide variety of fragile states given the numerous causes for conflict and institutional decay. However, for aid programming planners, it is difficult to distinguish between lack of capacity or lack of willingness of governments to ensure security and welfare for its citizens. According to these diagnoses, different harmonisation mechanisms are possible: In situations of lack of government capacity, donors can lower the standard and seek for "good enough governance" and reinforce national capacity in key sectors as well as better coordinate amongst themselves in order to not overload the domestic administrative capacity. In case of a lack of willingness, there are still mechanisms to maintain a unified national focus such as ring-fencing aid in joint donor funds or "shadow-alignment" –a state-avoiding approach of harmonising towards procedures, administrative layers and geographic boundaries that encapsulates future ownership by the state. In short, even in fragile states, aid can be programmed in a way that reconciles the immediate needs of the population with the long-term goal of institution building and political change. Hence, there is no need for fragmented delivery of aid in uncoordinated projects, which in the long run does more harm by undermining a national planning framework and too often poaches off the best local personnel with high salaries and better equipment.

SELECTED RESOURCES

Key documents:

- The Paris Declaration on Aid Effectiveness 2005 [<http://www.aidharmonization.org/>]
- OECD/DAC: Harmonising Donor Practices for Effective Aid Delivery Vol. 1: Good Practice Papers; Vol. 2: Budget Support, Sector Wide Approaches and Capacity Development in Public Financial Management; Vol. 3: Strengthening Procurement Capacities in Developing Countries [www.oecd.org/document/22/0,2340,en_2649_3236398_34600534_1_1_1_1,00.html]
- The World Bank's Global Monitoring Report 2006: Strengthening Mutual Accountability - Aid, Trade & Governance; 20 April 2006 [<http://www.worldbank.org/gmr2006>]
- 2006 Survey on Monitoring the Paris Declaration [www.oecd.org/dac/effectiveness/monitoring]
- Paolo de Renzio & Sarah Mulley: 'Promoting Mutual Accountability in Aid Relationships', ODI Briefing Paper 1, London: April 2006 [http://www.odi.org.uk/publications/briefing/bp_april06_mutual_accountability.pdf]
- ODI 2004: Incentives for Harmonisation in Aid Agencies [www.oecd.org/dataoecd/61/32/34609836.pdf]
- PEFA - Public Expenditure & Financial Accountability - [www.pefa.org] - a number of concept papers and training material on Public Financial Management Systems and Performance Measurement
- Monterrey Consensus 2002: Final outcome of the International Conference on Financing for Development [<http://www.un.org/esa/ffd/aac257L13-E.doc>]
- Arnab Archarya, Ana Fuzzo de Lima and Mick Moore: 'Aid Proliferation: How Responsible are the Donors?', IDS Working Paper 214, Brighton: 2004 [<http://www.ids.ac.uk/ids/bookshop/wp/wp214.pdf>]
- Commitment to Development Index elaborated by the Centre for Global Development [<http://www.cgdev.org/content/publications/detail/3646>]

Harmonisation plans of various donors

- Joint Action Plan for Effective Aid Delivery through Harmonisation and Alignment of Donor Practices by Denmark, Finland, Ireland, the Netherlands, Norway, Sweden and the United Kingdom [www.oecd.org/dataoecd/30/10/30216580.pdf]
- EU aid effectiveness package [http://ec.europa.eu/comm/development/body/communications/aid_effectiveness_en.htm]
- United Nations Development Group: Implementing the Paris Declaration on Aid Effectiveness, July 2005 [www.undg.org/documents/6189-UNDG_Action_Plan_-_Implementing_the_Paris_Declaration.pdf]
- Switzerland: DEZA/SECO – Swiss Implementation Plan of the Paris Declaration [www.oecd.org/dataoecd/8/21/35135469.pdf]
- Portuguese Action Plan: Harmonisation and Alignment, February 2005 [<http://www.oecd.org/dataoecd/30/50/30216572.pdf>]

Country case: Mozambique

- Tony Killick et al: 'Perfect Partners? The performance of Programme Aid Partners in Mozambique, 2004' - A Report to the Programme Aid Partners and Government of Mozambique, 2005 [<http://www.dfid.gov.uk/pubs/files/mozambique-performance-paps.pdf>]
- Juan Ignacio Pita (coord.), Carlos Botella, Pilar de la Corte, Sandra Ferreira: 'Nuevos instrumentos de la cooperación española: la experiencia mozambiqueña, Fundación Carolina, CeALCI, 2006 [<http://www.fundacioncarolina.es/NR/rdonlyres/2346863F-881E-424F-9E97-3801AF1C3234/0/DT2NuevosInstrumentos.pdf>]

Harmonisation in post-conflict context

- Megan Burke 2006: Recovering from Armed Conflict: Lessons Learnt and Next Steps for Improved International Assistance, FRIDE Working Paper 22, Madrid: April 2006 [<http://www.fride.org/>]
- Department for International Development DFID UK: 'Why We Need to Work More Effectively in Fragile States', London: January 2005 [<http://www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf>]
- Uwe Kievelitz et al: 'Practical Guide to Multilateral Needs Assessments in Post-Conflict Situations' - A Joint UNDG, UNDP and World Bank Guide, prepared by GTZ with the support of BMZ, Eschborn: 2004

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