

**Report on Results, Resources and Partnership (RRP) meeting  
The Hague, March 15 and 16, 2007**

**Introduction**

This paper is based on the discussions on RRP in The Hague on March 15-16, 2007. It develops the Swedish/Dutch paper that was presented at the SLM (Senior Level Meeting) of the OECD/DAC of December 2006 and at the Third Round Table on MfDR (Management for Development Results) in Hanoi in February 2007. The meeting in The Hague clarified the objectives and organisation of the RRP process. For this purpose, the Netherlands and Sweden invited some donor agencies (World Bank, OECD/DAC Secretariat, DfID, UNDP) and partner countries (Ghana and Tanzania). The concept will be further developed in discussions with other donors and partner countries, and through lesson-learning from early RRP processes.

**General concept of RRP**

The acronym of RRP stands for Results, Resources and Partnership to reflect the three objectives of RRP, which originate in the Monterrey Consensus and the pledges made at three major events in 2005:

- the Millennium+5 Summit in New York where the MDGs were reconfirmed.
- the High Level Forum on Aid Effectiveness where the Paris Declaration was agreed.
- the G-8 meeting in Gleneagles where the need for scaling up aid was reconfirmed and the EU commitments on scaling up.

RRP aims to support the delivery of these pledges in partner countries, to simplify local aid management and coordination processes, to reduce the burdens on partner countries and strengthen partner country ownership, leadership and capacity, in accordance with the country development model. RRP will not create new conditions or additional processes at country level for partner countries or donor agencies and will seek to eliminate unnecessary conditionality and processes. Instead, RRP formulates guiding principles to inspire coordination mechanisms as currently practised with the aim to reduce coordination costs by strengthening the national planning and budget systems, to the extent that these systems are not only determining policy implementation for the government but for donors as well. The national institutional arrangements for political supervision and decision making will be fully respected as these functions are linked to the handling of the national budget within the policy, thereby strengthening domestic accountability. This will also be instrumental to mutual accountability.

Over the next year, efforts will be intensified to work with 5 countries in strengthening their Results, Resources and Partnership processes. The guiding principles for the particular type of actions to be supported at the country level in each of the three areas are spelled out below

**Results**

Results should be prioritised and defined by partner countries. In many countries, the national Poverty Reduction Strategy (PRS) is the central document for defining results. While PRSs

are becoming more results focused, many of them still do not fully integrate the MDGs. National strategies that integrate the MDGs will be the main focus for both partner countries and donors. Sector strategies, creating the link between national development targets and policy execution should be at the heart of the national strategy and national budget (MTFF). Both the partner country as well as donor agencies will monitor progress using the government's monitoring matrix linked to the PRS or similar documents (like a Performance Assessment Framework). Good practice suggests that the number of indicators should be limited (no more than 20 to 25), they should be SMART (Specific, Measurable, Agreed, Realistic, Time bound), and the links to the MDGs should be clear. Whether the indicators are progress, action and outcome indicators is not particularly important, but in practice a combination of the three types of indicators works best.

Monitoring progress should be based on the principle of Management for Development Results. This means that there will be no automatic financial reward or punishment with regard to the achievement of results. All parties should learn from results and monitoring what is realistic and how implementation of the strategies could be improved.

The RRP pays specific attention to the costing of both national and sector strategies, since a rigorous costing exercise creates the operational link between results and resources and also helps link planning to budgeting processes. The costing should be based on different scenarios of external resources, among which at least one scenario based on needs in order to achieve the MDGs and one scenario based on an assessment of the currently available and planned resources. Past experiences of countries has shown that costing has not automatically led to higher resource allocations. However, there are cases where a strategy that is costed in a proper manner, creates trust with donor agencies and therefore has lead to increasing financing. Strategies that lay out the intended results, the resources required and how additional funds will be utilised provide an important basis for the scaling up of domestic and external resources.

## **Resources**

RRP aims at increasing long-term predictability, bringing aid on budget, and reducing transaction costs. Predictability of aid is important for partner countries since this will support them in long-term planning and better budgeting for revenues and expenditures. This applies both to budget support as to other aid modalities. As donors need to deliver on predictability, RRP will identify the constraints to predictability for donors. Increasing the share of aid delivered as budget support would also be a priority to help reduce transactions costs and better integrate development finance with domestic programs and systems.

The first RRP will test the feasibility of a joint commitment by donors to control total 'programmable'<sup>1</sup> aid between specified upper and lower bounds from now to 2015. This will enable partner countries to decide on plans and absorptive capacity issues. Some long-term indications are important to support long-term confidence-building and planning, but it is likely that certainty and firm commitments will not be available for more than 3-4 years ahead. The projections should be revised annually in order to roll-forward the commitments

---

<sup>1</sup> With regard to predictability and scaling up, RRP focuses on 'programmable' aid at the national level. The exact definition of programmable aid is yet to be developed by the OECD/DAC. It covers bilateral aid that can be programmed in forward looking allocations in a multi annual way. It is not humanitarian aid, debt relief or scholarships. Regular budget support, project aid or sectoral programmes are all forms of 'programmable' aid.

and reduce future uncertainty as far as possible. Aggregating these individual bands, the rolling ranges could balance out individual donor variability.

At the country level, it will be important for donors and partner governments to assess key constraints to making aid more predictable and to explore solutions. Options include a pooled fund at the country-level to diminish the variability of decisions by donors with respect to budget support (the proposition that the budget support decisions were often taken as filling-gap options at the end of FY). This assessment and the development of effective solutions will complement on-going efforts by the OECD/DAC to work at the agency level to better understand constraints to aid predictability.

Some of the challenges of planning aid revolve around current allocation models within donor countries that rely on annual reviews of governance indicators. A move to longer term aid projections and disbursement schedules should include revisiting this approach.

RRP will not prescribe a single approach to resource management for all countries. Donors and partner countries may make use of the flexible fiscal and macro-space analysis methodology used in the WB study 'Fiscal Policy for Growth and Development (February 2007), which applied the fiscal space methodology in 12 lower and middle income countries and came with some concrete recommendations. The methodology could be very well used in identifying the resources needed from domestic and external sources (including the private sector and vertical funds), while maintaining economic growth and macroeconomic stability. Inter-sectoral linkages/synergies will be included in the macro-framework.

### **Partnership**

The RRP process should be led by partner countries, using or adapting existing donor coordination mechanisms. As a first step, the partner country will need to clearly identify the areas where they would like to reinforce their country model and where they would like to see more effective donor support. Donor agencies will have to be accountable to the partner country and hold each other accountable through peer pressure and by creating coherence in the donor behaviour between the local level and headquarters. This will help donor agencies in complying with the agreements made in the Paris Declaration.

RRP is not a process that will lead to an executing agency for the implementation of the Paris Declaration. Harmonisation fora already exist in many countries and progress on the implementation at country level is already being monitored by the OESO/DAC Secretariat. However, the RRP process will support the Paris Declaration and prevent free riding by developing closer donor coordination and harmonisation on key issues, and action on Paris principles that have a local priority. It will monitor its own process on a global level.

It is envisaged that the RRP process will lead to annual meetings, led by partner governments, at which short documents prepared by the government will be agreed, covering Results, Resources, and actions on Paris principles.

### **Next steps in the RRP process**

In-country implementation of RRP will start in the next few months in Ghana and Tanzania. In Ghana RRP will key off the local results roundtable that the government is organising. In Tanzania, the government and the donors will jointly identify RRP gaps in the coming weeks.

Other partner countries are also invited to initiate the RRP process. Additional research will also be necessary in some areas, especially the cross-cutting area of capacity strengthening in the context of results, resources and partnerships. In the coming months, the Netherlands and Sweden will visit other Development Partners as well as partner countries to inform them on the RRP process with the aim of broadening the number of countries working on the RRP principles.

The Hague, March 2007