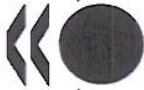


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STRENGTHENED RESULTS ORIENTATION AND PREDICTABILITY OF SCALING UP OF
RESOURCES AT COUNTRY LEVEL

ROOM DOCUMENT 4

DAC Senior Level Meeting, 5-6 December 2006

This room document is presented by the Swedish and Dutch delegations and is for DISCUSSION at the SLM dinner on 5 December.

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STRENGTHENED RESULTS ORIENTATION AND PREDICTABILITY OF SCALING UP OF RESOURCES AT COUNTRY LEVEL

A Joint Swedish-Dutch paper on Results & Resource Processes

Introduction

1. This paper is about implementation of recent agreements. It recognises the importance of the MDG agenda in setting clear cut objectives for development, reconfirmed last year. It builds on the Monterrey commitments for scaling up of aid, last year reconfirmed by the Gleneagles summit. It uses the guidance for partnership as initially formulated in Rome and reconfirmed last year in Paris¹. The consensus, embodied in statements and agreements reached at those occasions must be translated into practice by partner countries and donors. The agenda before us is therefore the agenda of making commitments work. Thus we will have to move beyond statements and arrange for implementation.

2. The paper proposes to increase the focus on the results agenda, the resources framework and the partnership arrangements which are required. It should be done by strengthening existing processes at country level and by establishing a Results and Resources process (R& RP) under leadership of partner countries. The global level is not the starting point for this paper, but an issue that will be dealt with in relation to the process described in this paper.

3. The R&RPs will focus on strengthening three cross cutting processes that are at the core of the country development model: results, resources and mutual accountability. Many country led and donor supported initiatives exist to strengthen these processes in most partner countries (PRSs, MTEFs, PEFA, etc.). However, given their technical complexity and steep capacity requirements a sustained long-term commitment is required. The aim of the R&RPs is to accelerate progress by bringing increased attention and resources to bear upon these processes.

- The focus on results will clarify outcomes to be achieved at the country level and assess progress to date building on PRS processes and national monitoring systems. It will recognize the importance of reinforcing the consensus around core results with relevant stakeholders. Building on existing monitoring systems will be needed in order to deepen the evidence base for further policy refinement and implementation.
- The emphasis on resources will build on existing planning and budgeting systems to identify resource gaps needed to achieve the desired results. This will require the analysis from a stability and growth perspective of the macro economic and fiscal sources of finance; the costing of results to be achieved for priority interventions; and finally the arrangements to ensure availability of resources required over the short- to medium-term. The aim will be to strengthen domestic processes to shift from input guided result setting towards performance and program budgeting.

¹ In the Paris Declaration **partner countries and donors** have both committed themselves to jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness (§ 50) and work together in a participatory approach to strengthen country capacities and demand for results based management (§ 46). Further, **partner countries** have committed to strengthen the linkages between national development strategies and annual and multi-annual processes (§ 44) and 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 numbers of indicators for which data are cost-effectively available (§ 45). **Donors** have committed to link country programming and resources to results and align them with effective partner country assessment framework (§ 46) and provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules (§ 26)

- The R&RP will strengthen the implementation of the Paris Declaration at country level. It will further develop mutual accountability mechanisms by helping to streamline local donor coordination efforts, reducing transaction costs incurred by these processes, defining the partnership arrangements between partners at the local level and providing for an overview function to monitor these partnership arrangements, preferably with some form of independent feed back.

Rationale

4. Too often commitments have not been followed by concrete steps to implement promises. Donors have not yet translated their commitments to scale up aid into country-level commitments, and both donor and partner country implementation of the Paris Declaration appears to show uneven progress. It is therefore imperative to establish concrete mechanisms and identify necessary prerequisites to strengthen the implementation of commitments made. The stakes are high, both for donors and partner countries.

5. As ambitions have grown, new avenues will have to be explored to live up to them. Living up to promises requires a broad participation in development processes. Achievement of results and delivery of required resources should mobilize public and private actors that can contribute to development, not just donors. Macro-economic and fiscal space may provide the analytical framework to determine the contributions to both results and resources from both private and public domains. Emerging donors, global (vertical) funds and programmes, NGOs, private foundations and investors must be included.

6. This paper calls for strengthening country orientation on results and improved predictability of resource processes to provide for follow up to commitments and ambitions mentioned above. It builds on the proposal presented by the World Bank at the OECD/DAC meeting of June 27, 2006 which was a joint effort from the Bank, UNDP and the DAC Secretariat. The next steps include a presentation at the SLM dinner session, inviting participants to comment on the paper and provide advice on practical ways forward. At the Hanoi Third Round Table on Managing for Development Results (5-8 February 2007) a round of consultations with our development partners will take place, again inviting for comments. During the spring meeting of the Development Committee a final paper could be submitted for approval, including a proposal for the initial stage of activities at country level.

7. This paper is only a first draft. Some elements will be explored, others need more work to be done. At the DAC Senior Level Meeting, agreement is sought amongst donor partners to agree in principle on the proposal to make the R&RPs an integral component of the dialogue between donors and development partners. It is a call to meet the challenge to deliver on MDGs and Monterrey commitments. It is a guide to make Paris a success. It is an attempt to strengthen country specific development processes, together with facilitating global management of aid. Those two processes, the global one and the country specific one, must work hand in hand for managing to achieve results.

Proposal

8. Defining a strengthened process of interaction between donors and partner countries does not have to start from scratch. The traditional form of Consultative Group meetings has provided a wealth of information about how to organise a meaningful process. Experiences to date, however, indicate that those meetings lacked mutual commitment, measurement of progress, toughness of content. They also indicate that CG's were too heavily focussed on pledging, did not provide clear guidance for next steps and lacked regularity, flexibility and focus. Progress has been made in several countries in developing annual mechanisms for assessing results of the PRS, reviewing levels of aid resources and bringing in new

13. We expect R&RPs defined in this way to provide the appropriate mechanism to live up to the commitments of Gleneagles, New York and Paris at country level. It places country ownership and leadership at the center of the process and aims to strengthen existing country mechanisms. It will provide partner country governments with a tool for better managing and monitoring the results and resources, so they will have a better overview of progress in the implementation of the PRS. It will lead to more effective aid at the country level, in line with the principles of harmonisation and alignment.

14. It is proposed to start with R&RPs based on this model in a small number of countries. Although it is the final aim to have R&RPs introduced in all low income countries, it is suggested to start in those that show a keen interest in participating. However some other key features would be necessary like solid performance, well defined PRSs and well developed donor alignment and harmonization.

15. It is foreseen that R&RPs will build on existing structures available in partner countries. This will have two consequences. First, it indicates that there will be no blueprint nor will the process be identical for all countries. However, some basic elements need to be catered for as the need to aggregate data arises. Second, it implies that there is no need to have the R&RP fully fleshed out at the outset. We may have a picture of what we would like to achieve with a full R&RP, but the partner country, dependent on the burden on its existing capacity, may only gradually approach to the final stage.