

ADB and the Paris Declaration on Aid Effectiveness

- The **Paris Declaration on Aid Effectiveness** is an international agreement to continue to increase efforts for harmonization, alignment, and **managing for development results**. It includes a clear statement to eliminate duplication of effort and to rationalize donor activities to make them cost effective.
- ADB is a signatory to the Paris Declaration. How well has it abided by its commitments?

Background

On 2 March 2005, more than 100 countries and development agencies, including the Asian Development Bank (ADB) and 19 of its **developing member countries**, signed the Paris Declaration on Aid Effectiveness.¹ They agreed that developing countries should be willing and encouraged to take the lead and have sovereignty in defining and prioritizing their development agendas (*ownership*). Donors should use and help strengthen the development strategies and systems of countries (*alignment*). Their activities should be coordinated effectively to help curb the costs of aid delivery (*harmonization*), in consultation with countries. Further, developing countries and donor agencies have a global responsibility to achieve results (*management for development results*). Equally, development partners must be prepared to share risks and accountability for ensuring aid effectiveness and improved results (*mutual accountability*). Earlier, the **Rome Declaration on Harmonization** (2003) and the **Marrakech Roundtable on Managing for Results** (2004) had firmed up donor resolve and set out common plans of action.

In 2007, the Operations Evaluation Department conducted a **Special Evaluation Study on the Asian Development Bank's Approaches to Partnering and Harmonization: In the Context of the Paris Declaration on Aid Effectiveness**.² The study aimed to present a clear picture of ADB's tactics and provide feedback for the review to be made toward the **Third High-Level Forum on Aid Effectiveness** that will be convened in 2008 in Accra, Ghana by the **Organisation for Economic Co-operation and Development** (OECD).

The study had two phases, the first of which pilot-tested the conceptual framework, approach, and scope of the evaluation in **Indonesia** in March 2007. The scope was then expanded to include an overview of donor approaches and an analysis of OECD's **2006 Survey on Monitoring the Paris Declaration: Overview of the Results**. The other partner countries examined were **Bangladesh, Cambodia, Samoa, and Viet Nam**.

The study recognized limitations. It did not claim to provide a fully representative evaluation of the range of partnering and harmonization processes and activities in ADB and its developing member countries. Also, although it incorporated much of the current internationally accepted methodology and instruments, these instruments are still a work in progress as the survey of 2006 acknowledged. Equally, generalizing from a selection of country and operational case studies and good practices has intrinsic limits. Lastly, the study did not purport to offer a detailed analysis of the cost-effectiveness of partnering and harmonization.

Summary of Findings

The key lessons identified were: (i) ADB's involvement in national poverty reduction strategies and local harmonization action plans has helped define its comparative advantage and clarify the rationale for its strategic partnerships; (ii) there is greater likelihood of capacity development support from development partners when a national capacity development framework, owned and led by the country, already exists; (iii) ADB has limited appreciation of the benefits of partnering and harmonization; (iv) there is greater possibility of alignment between aid agencies,

including ADB, and country systems if reform is led by the countries in partnership with the aid agencies; (v) the improved strategic approach to partnering and harmonization in the revised country partnership strategy guidelines provided a framework for meeting ADB's Paris Declaration commitments at the country level; (vi) joint public expenditure reviews and fiduciary assessments allow ADB and other development partners to assess the risks and build up confidence in using country systems; and (vii) the size of the ADB-donor partnership for harmonized approaches may vary at different stages of the project or program cycle.

The main conclusions of the study related to: (i) the need for ADB to review the 2006 Survey on Monitoring the Paris Declaration: Overview of the Results, from which ADB would draw benefits using the six developing member countries that participated in the survey; (ii) the less than full sharing of ADB's accomplishments vis-à-vis its Paris Declaration commitments, particularly its wide knowledge of partnering and harmonization issues and lessons—ADB's information systems are insufficiently developed and information and knowledge are scattered over several web pages; (iii) the need to clarify program-based approaches (viz., do such approaches include program loans, how is a sector-wide approach defined, and when does a project qualify as a program-based approach?); (iv) the importance of having ADB guidelines and action plans that promote partnering and harmonization, such as the **Second Governance and Anticorruption Action Plan** of 2006 and the medium-term framework and action plan on **Integrating Capacity Development into Country Programs and Operations** of 2007; (v) constraints on partnering and harmonization activities with multilateral development agencies with memberships different from ADB's, some of which stem from provisions in the **Agreement Establishing the Asian Development Bank**; (vi) promising operational approaches taken by ADB, such as the Five Banks Initiative on harmonized procurement, project preparation, and safeguards, in Viet Nam; (vii) the need to increase delegation of responsibility to **resident missions**, constrained by the present staffing level and skills mix that makes it difficult to fully participate in local harmonization action plan groups; (viii) the potential to facilitate engagement with a wide range of development partners in a diverse range of development policy, sectoral, and thematic areas, made

possible by the comprehensive scope of ADB's approach to partnering and harmonization and its consistence with country priorities; and (ix) ADB's high participation in thematic working groups on harmonization—multilateral development bank arrangements for harmonization are made through 14 thematic working groups: ADB is particularly active in (a) the Operational Policy Roundtable, (b) the evaluation group, (c) the financial group, (d) the managing for development results group, (e) the private sector group, and (f) the disbursement group.

Recommendations

- Clarify what qualifies and what does not qualify for meeting the Paris Declaration commitments, particularly for program-based approaches and issue a guideline to staff in mid 2008.
- Strengthen ADB's knowledge management systems vis-à-vis ADB's activities in support of the Paris Declaration. Formulate the criteria and categories for good practice of partnering and harmonization in ADB operations and disseminate the information both within and outside ADB in 2008.
- Include a progress report on the Paris Declaration commitments in ADB's new country partnership strategies and their mid-term reviews and completion reports.
- Through training and other awareness creating activities, ensure that all concerned staff understand ADB's commitments under the Paris Declaration and their own responsibility.

Feedback

When these *Learning Curves* were prepared, **ADB Management's Response** and the **Chair's Summary of the Development Effectiveness Committee Discussions** were not available for disclosure to the public. The study was completed in October 2007.

¹ 2005. *Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability*. Paris. Available: <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

² ADB. 2007. *Special Evaluation Study on the Asian Development Bank's Approaches to Partnering and Harmonization: In the Context of the Paris Declaration on Aid Effectiveness*. Manila. Available: <http://www.adb.org/Documents/SES/REG/SST-REG-2007-30/SST-REG-2007-30.pdf>