THE DRIVE TO PARTNERSHIP
AID COORDINATION
AND THE WORLD BANK
The Drive to Partnership
Aid Coordination and the World Bank

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This report, prepared by the Operations Evaluation Department (OED), presents findings and recommendations emerging from a review of the World Bank’s experience with aid coordination.

Aid coordination lies at the intersection of several development effectiveness challenges. Globalization has brought new opportunities for development rewards but also new risks of instability and increased inequalities. Public concern with the efficacy of aid has grown. Poverty has increased and concessional flows have shrunk, even as demands for official resources have multiplied—with respect to complex humanitarian crises. These trends have profoundly altered the context in which the World Bank operates.

In 1995, under new leadership, a strategic renewal of the World Bank Group was launched, focused on enhanced development effectiveness and improved linkages with the development community. In his October, 1998 speech to the Annual Meetings of the World Bank and International Monetary Fund, the Bank’s President articulated “a new approach to development partnership . . . led by governments and parliaments of the countries, influenced by the civil society of those countries . . . where we in the donor community must learn to cooperate with each other, must learn to be better team players capable of letting go.” Partnership (along with ownership and results orientation) is embedded in the Comprehensive Development Framework (CDF), initiated in January 1999 and currently being piloted in 12 countries.

The conclusions of this report are based on evaluative research undertaken in 1998 and 1999. Since then development assistance agencies, including the Bretton

**FOREWORD**

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The conclusions of this report are based on evaluative research undertaken in 1998 and 1999. Since then development assistance agencies, including the Bretton
Woods institutions, have intensified their attention to issues of aid coordination and partnership. A salient manifestation of this increased attention is the Poverty Reduction Strategy Paper (PRSP) initiative introduced by the Development Committee in the fall of 1999. All low-income country members of the World Bank and IMF are in the process of preparing PRSPs, which are to be based on the CDF principles. There have been other recent promising efforts to bring about greater procedural harmonization among development agencies, including by multilateral development banks, the U.N. system, and bilateral donors through the OECD Development Assistance Committee.

Notwithstanding this progress, the sober findings of this report convey many of the challenges that must still be met by the development community if the goal of recipient country–led partnerships is to be achieved. Over 130 questionnaires were completed by Bank staff, recipient government officials, and donor agencies and their in-country representatives. These findings were supplemented by insights from workshops involving Bank staff and a worldwide group of 20 senior country officials with aid coordination responsibilities, three country visits, Bank staff interviews, and a literature review.

The review concludes that the development community has been well-served by the leadership of the Bank in managing aid coordination processes. Yet the long-standing goal of country leadership of the process remains elusive. The review identifies a number of barriers to be overcome—on the part of both the recipient country and the donors.

Many countries lack the commitment and institutional capacity to make resource allocation choices. The drive to partnerships: Aid Coordination and the World Bank
in conformance with national development strategy and transparent standards and processes of accountability.

Most donors and international agencies, including the Bank, continue to impose such barriers to country leadership as weak development orientation in their aid programs, proliferation of projects, divergent and complex procedural requirements, stand-alone project management structures that undermine capacity building, expensive supply-driven assistance for capacity building, and staff attitudes inimical to ownership and partnership—reinforced by input-oriented incentive systems.

The OED review recommends that:

1. The Bank align its aid coordination policies and practices with the CDF principles of ownership, partnership, and results orientation.
2. Each Bank country team that supports a CG or similar mechanism work with the government and other development partners to formulate a strategy for moving to country leadership.

Each strategy would demonstrate how the Bank and other donors will help the government nurture policy reform, strengthen aid coordination capacity, and reach partnership agreements with donors that delineate mutual responsibility for development outcomes and the distinct accountabilities of each partner. High priority should be given to implementing these recommendations through the PRSPs.

Successful implementation of these recommendations will require consensus and collaboration among donors at the global level. Close cooperation with the U.N. system; DAC members, including the EU; other donors (such as the Saudi organisms donantes, así como representantes de estos últimos en distintos países, respondieron más de 130 cuestionarios. Las conclusiones se complementaron con información recogida en seminarios en los que participaron funcionarios del Banco y un grupo de 20 altos funcionarios de distintos países del mundo, encargados de la coordinación de ayuda; tres visitas a sendos países; entrevistas del personal del Banco; y un examen de las publicaciones sobre el tema.

En el estudio se llega a la conclusión de que el Banco, a través de su gestión de los procesos de coordinación de la ayuda, ha prestado un buen servicio a quienes se dedican a la tarea del desarrollo. Sin embargo, el antiguo objetivo de que cada país tome las riendas de dichos procesos sigue siendo difícil de alcanzar. En el estudio se enumeran diversos obstáculos que el país receptor y los donantes deben superar.

Muchos países carecen del compromiso institucional para asignar recursos de acuerdo con una estrategia de desarrollo nacional, normas transparentes y procedimientos de rendición de cuentas.

Por otra parte, la mayoría de los donantes y los organismos internacionales, incluido el Banco, continúan poniendo obstáculos al liderazgo del país, entre ellos, la escasa orientación hacia el desarrollo observada en los programas de ayuda; la proliferación de proyectos; la complejidad y divergencia de las formalidades exigidas; la independencia de las estructuras de gestión de los proyectos, que hace difícil mejorar la capacidad; la costosa asistencia, basada en la oferta, para el

résultats de cette enquête ont été complétés par les conclusions d'ateliers réunissant le personnel de la Banque et un groupe de 20 hauts fonctionnaires nationaux impliqués dans la coordination de l'aide, par trois missions dans les pays, par des interviews de fonctionnaires de la Banque et par une revue des études et documents disponibles.

L'étude conclut que la Banque, en sa qualité de leader du processus de coordination de l'aide, a bien servi la communauté des institutions de développement. Cependant l'objectif ancien d'un leadership des pays eux-mêmes est loin d'être atteint. La revue identifie un certain nombre d'obstacles qui doivent être surmontés à la fois dans les pays bénéficiaires et chez les bailleurs de fonds.

Nombreux sont les pays qui n'ont ni la volonté politique, ni les capacités institutionnelles nécessaires pour faire des choix d'allocations de ressources conformes aux stratégies nationales de développement, sur la base de critères transparents et de procédures inspirées par le principe de responsabilité.

Le leadership des pays se heurte aussi aux obstacles créés par de nombreux bailleurs de fonds et institutions internationales, y compris la Banque: la faible influence des objectifs de développement sur l'orientation des programmes d'aide, la prolifération des projets, des procédures complexes et divergentes, des structures autonomes de gestion des projets qui nuisent au développement des capacités, des formes coûteuses de promotion des capacités, basées sur ce que les bailleurs de fonds peuvent offrir, enfin des réactions hostiles à l'appropriation des programmes et
Fund and the Kuwait Fund); and the Regional Development Banks (RDBs) is imperative if a common commitment to building effective development partnerships at the country level is to be achieved.

The Drive to Partnership: Aid Coordination and the World Bank

En el estudio del DEO se recomienda que:

1) El Banco armonice las políticas y prácticas relativas a la coordinación de la ayuda con los principios, establecidos en el Marco integral de desarrollo, de identificación con los proyectos, colaboración y orientación hacia la obtención de resultados.

2) Cada grupo del Banco a cargo de un país que preste su apoyo a un grupo consultivo o un mecanismo similar colabore con el gobierno y otros asociados para el desarrollo a fin de formular una estrategia que permita al país ir asumiendo la conducción del proceso.

Cada estrategia demostraría de qué manera el Banco y otros donantes pueden ayudar a un gobierno a favorecer la reforma de las políticas, fortalecer la capacidad de coordinar la ayuda y celebrar acuerdos de colaboración con los donantes donde se establezca la responsabilidad común frente a los resultados de las actividades de desarrollo y la responsabilidad precisa de cada uno de los asociados. Se debe otorgar un alto grado de prioridad a la aplicación de estas recomendaciones mediante los documentos de estrategia de lucha contra la pobreza.

El consenso y la colaboración entre los donantes de todo el mundo son requisitos para poder llevar a la práctica satisfactoriamente estas recomendaciones. Para que exista una firme voluntad común de lograr que en cada país se forjen relaciones de
colaboración eficaces con miras al desarrollo, es imprescindible establecer una estrecha cooperación con el sistema de las Naciones Unidas; los miembros del Comité de Asistencia para el Desarrollo e, incluso, con la Unión Europea; otros donantes (como el Fondo de Arabia Saudita y el Fondo de Kuwait); y los bancos regionales de desarrollo.

Robert Picciotto
Director-General, Operations Evaluation Department
EXECUTIVE SUMMARY

The development community has long recognized the contribution that aid coordination could make to development effectiveness, and recent trends have reinforced its importance and potential. Official Development Assistance (ODA) flows have stagnated, development performance has been disappointing, and donor countries are increasing their demands for accountability and results. At the same time, low-income countries remain highly dependent on ODA.

Against this background, the Executive Directors of the World Bank asked the Operations Evaluation Department (OED) to review the role and experience of the Bank in aid coordination. This report presents the findings and recommendations of OED’s review. A key objective was to examine both the constraints involved and the progress made in helping countries to assume more responsibility for aid coordination. Another objective was to determine the effect of the Bank’s policies and procedures on government ownership of aid coordination processes in recipient countries and the development of their capacity to carry out the accompanying responsibilities.

The review deals with an important dimension of the Comprehensive Development Framework (CDF). The CDF includes partnership as one of its major principles, and aid coordination is closely

RESUMEN

Desde hace largo tiempo, quienes se ocupan del desarrollo reconocen que la coordinación de la ayuda podría contribuir a mejorar la eficacia de las actividades de desarrollo; las últimas tendencias han reforzado su importancia y potencial. Las corrientes de asistencia oficial para el desarrollo (AOD) se mantienen en niveles estacionarios; los resultados en términos de desarrollo han sido decepcionantes; y en los países donantes aumenta la exigencia de una mejor rendición de cuentas y resultados satisfactorios. Al mismo tiempo, los países de ingreso bajo siguen dependiendo en gran medida de la AOD.

En este marco, los Directores Ejecutivos del Banco Mundial pidieron al Departamento de Evaluación de Operaciones (DEO) que examinara la función y la experiencia del Banco en materia de coordinación de la ayuda. En este informe se presentan las conclusiones y recomendaciones del estudio llevado a cabo por el DEO, uno de cuyos objetivos principales consistía en examinar los progresos logrados en la tarea de ayudar a los países a asumir una mayor responsabilidad en la coordinación de asistencia y en analizar los factores que obstaculizan dicha tarea. Otro objetivo era determinar los efectos de las políticas y los procedimientos del Banco en la identificación de los gobiernos de los países receptores con los procesos de coordinación de la ayuda y en el desarrollo de la capacidad de estos

RÉSUMÉ ANALYTIQUE

La communauté des institutions de développement a depuis longtemps reconnu le rôle que pouvait jouer la coordination de l’aide dans l’efficacité du processus de développement; l’évolution récente confirme l’importance présente et potentielle de cette coordination. L’Aide Publique au Développement (APD) stagne, la performance des programmes de développement est décevante et, de plus en plus, les pays donateurs demandent des comptes et exigent des résultats. Pourtant, dans le même temps, les pays à faible revenu continuent de dépendre de l’APD de façon considérable.

C’est dans ce contexte que les Administrateurs de la Banque Mondiale ont demandé au Département de l’Évaluation des Opérations (OED) d’étudier le rôle et la performance de la Banque en matière de coordination de l’aide. Ce rapport présente les conclusions et recommandations de l’étude d’OED. L’un des principaux objectifs était d’examiner les problèmes et les résultats des efforts faits pour que les pays assument un rôle grandissant dans la coordination de l’aide. Un autre objectif était de déterminer l’impact des politiques et procédures de la Banque sur la volonté des gouvernements des pays bénéficiaires de s’approprier la coordination de l’aide et sur leur capacité d’assumer cette responsabilité.

L’étude aborde un aspect important du Cadre de Développement Intégré (CDI). L’un des
linked with partnership. This link derives from the requirement of any partnership that all partners jointly develop and agree on their objectives, as well as on their respective accountabilities in realizing these objectives. It is also important that they support capacity development, which must take place if weaker members are to participate fully. A mid-1999 joint statement of four European Ministers of Development Cooperation is a recent high-level expression of these concerns: it calls for better coordination among donors and a desire to see recipient countries in the “driver’s seat.”

Results-Based Frameworks for Assessing Aid Coordination Activities

This review draws on several sources of evidence. To assess the historical performance of aid coordination activities, it refers both to standard evaluation criteria and to key policy benchmarks. Implicit in this approach is that aid coordination, like other aid instruments, should be regularly assessed for its contribution to development results. Drawing on responses to questionnaires, interviews, and workshops, the review explores the relevance, effectiveness, efficiency, and sustainability of aid coordination and its contribution to institutional development. The main elements of aid coordination policy, issued by the Bank and the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC) in the 1980s, also provide benchmarks for assessing the Bank’s experience. The overarching principles of the policy, for cumplir las responsabilidades concomitantes.

En el estudio se aborda un importante aspecto del Marco Integral de Desarrollo (MID), uno de cuyos principios fundamentales es la colaboración, a la cual está estrechamente vinculada la coordinación de la ayuda. Este vínculo surge de la necesidad, presente en toda actividad de colaboración, de que todas las partes formulen conjuntamente y acuerden sus objetivos, así como la responsabilidad que le cabe a cada una de ellas en la consecución de dichos objetivos. También es importante que los asociados contribuyan al desarrollo de la capacidad, requisito indispensable para que los miembros más vulnerables puedan tener una participación cabal. La declaración conjunta formulada a mediados de 1999 por cuatro ministros europeos de cooperación para el desarrollo constituye la expresión más reciente, a alto nivel, de esas preocupaciones: en ella se pide una mejor coordinación entre los donantes y se expresa el deseo de que sean los países receptores quienes dirijan el proceso.

Marcos basados en los resultados para evaluar las actividades de coordinación de la ayuda

Para realizar este estudio se ha recurrido a distintas fuentes. A fin de evaluar el desempeño histórico de las actividades de coordinación de la ayuda, se han utilizado criterios estándar de evaluación y parámetros de referencia clave sobre políticas. En este enfoque está implícita la idea de que la coordinación de la ayuda, al igual que otros instrumentos, debería evaluarse periódicamente para determinar su aporte a los resultados

grands principes du CDI est le partenariat; or, des liens étroits unissent la coordination de l'aide et la notion de partenariat. Dans tout partenariat, tous les partenaires doivent définir ensemble des objectifs communs, ainsi que les responsabilités respectives de chacun d'eux dans l'accomplissement de ces objectifs. Une importante obligation des partenaires est aussi de favoriser le développement des capacités, condition indispensable d'une participation totale des plus faibles. L'expression la plus récente, au plus haut niveau, d'une telle ambition est la déclaration commune de quatre Ministres européens du Développement et de la Coopération au milieu de 1999: ils demandent une meilleure coordination entre bailleurs de fonds et forment le vœu que la direction du processus soit confiée aux pays bénéficiaires.

Un Cadre d'Évaluation de la Coordination de l'Aide Axé sur les Résultats

L'étude est basée sur plusieurs sources d'information. Pour évaluer la performance antérieure de la coordination de l'aide, elle combine l'emploi des critères d'évaluation habituels avec l'analyse d'indicateurs de politiques. Le sens implicite de cette méthode est que la coordination, comme les autres instruments de l'aide, doit faire l'objet d'évaluations périodiques de son impact sur le développement. Sur la base de réponses à des questionnaires, d'interviews et des conclusions d'ateliers, l'étude examine la pertinence, l'efficacité, l'efficience et la durabilité de la coordination de l'aide et sa contribution au développement des institutions. Dans les années 1980, la Banque et le Comité d'Aide au
which translate to criteria that permit assessment of the Bank's effectiveness in supporting aid coordination, include:

- The purpose of aid coordination should be to integrate external assistance with the development priorities of the recipient country.
- Responsibility for aid coordination should reside primarily with the recipient government.
- Both recipients and donors should adhere to strategic objectives and investment programs.

Two key elements of the development enabling environment in a country are policy performance and institutional quality; closely related variables are country commitment (ownership of sound development priorities and policies) and the institutional capacity to manage and coordinate aid (a subset of institutional quality). Figure 2.1 suggests a pattern of relationships between these variables and aid coordination arrangements. Strong country commitment and high institutional capacity tend to be associated with country-driven arrangements, which should be more effective in promoting greater development effectiveness than arrangements driven predominately by donors. Conversely, the weaker the country commitment and the institutional capacity, the more likely donors will be to insist on donor-driven aid coordination in the interests of development effectiveness.

How can aid coordination move into the country-driven quadrant? Depending on the current quadrant of a given country, the answer may be to strengthen country commitment, strengthen capacity, or do both. But the characteristics of the donors and
international agencies also influence the relative ease or difficulty of moving to effective, country-led aid coordination. Figure 2.2 illustrates the influence of development assistance characteristics.

When donors and agencies have a high development orientation and are relatively few in number, the conditions for achieving country-led aid coordination are favorable. As the number of donors (and projects) increases, however, the environment becomes more challenging. Moreover, as non-development motives for aid provision—such as the commercial interests of donors—become dominant, effective, country-led coordination becomes problematic. While the end of the Cold War reduced the dominance of the ideological approach to providing aid, geopolitical considerations are still at work.

Effective aid coordination involves a process that guides the recipient country and the donors toward agreement that all partners will accept mutual responsibility for achieving development outcomes, as well as distinct accountabilities. For the country, these include a commitment to developing sound policies and effective institutions, while donors and agencies should agree to adopt a development orientation; achieve coherence with country development priorities; exercise selectivity in keeping with comparative advantage, thus addressing the “numbers” issue; harmonize procedures so as to reduce aid delivery transaction costs; provide effective assistance in capacity building to create a level playing field among partners; and support present the mode in which these variables relate to the mechanisms of coordination of the aid. A high degree of commitment of the country and a strong institutional capacity are usually associated with mechanisms promoted by the country, which should be easier or harder to achieve.

When the number of donors increases, the conditions for achieving coordination become more complex. Furthermore, as non-development incentives such as commercial interests of donors become more significant, the donor organizations also become less favorable for country-led coordination.

Effective aid coordination involves a process that guides the recipient country and the donors toward agreement that all partners will accept mutual responsibility for achieving development outcomes, as well as distinct accountabilities. For the country, these include a commitment to developing sound policies and effective institutions, while donors and agencies should agree to adopt a development orientation; achieve coherence with country development priorities; exercise selectivity in keeping with comparative advantage, thus addressing the “numbers” issue; harmonize procedures so as to reduce aid delivery transaction costs; provide effective assistance in capacity building to create a level playing field among partners; and support

par les bailleurs de fonds de promouvoir un développement efficace. En sens inverse, plus faibles sont l’engagement et la capacité institutionnelle du pays, plus les bailleurs de fonds sont tentés d’imposer une coordination de l’aide dominée par eux, au nom de l’efficacité du processus de développement.

Comment peut-on déplacer la coordination de l’aide vers la case d’une gestion animée par le pays? Selon la catégorie dans laquelle se situe déjà le pays, il s’agit soit de renforcer son engagement, soit d’améliorer ses capacités institutionnelles, soit les deux. Néanmoins, les caractéristiques des bailleurs de fonds et des institutions internationales ont aussi une influence sur le passage, facile ou difficile, à des coordinations de l’aide efficaces, animées par le pays.

Le Graphique 2.2 montre comment la structure de l’aide au développement influence les modes de coordination.

Quand les bailleurs de fonds et les agences d’aide donnent la priorité aux objectifs de développement, quand leur nombre est relativement modeste, les conditions sont favorables à une coordination animée par le pays. Quand le nombre de donateurs (et de projets) augmente, la situation devient plus complexe. Enfin quand dominent des objectifs qui ne sont pas le développement, par exemple les intérêts commerciaux des bailleurs de fonds, il devient plus difficile d’organiser une coordination de l’aide dirigée par le pays. Même si la fin de la Guerre Froide a réduit l’influence des idéologies, les considérations géopolitiques jouent encore un rôle important.

La coordination de l’aide est efficace quand le processus aboutit à un accord entre bailleurs de fonds et pays bénéficiaire sur des objectifs de
country-led efforts to achieve these objectives.

Main Findings and Recommendations
The overarching conclusion of the review is that the development community has been well-served by the Bank’s support of aid coordination, but much remains to be done to achieve the long-standing goal of country leadership of the process.

In Context: The Bank’s Role in Aid Coordination
World Bank–led aid coordination mechanisms and processes at the apex level (consortia and Consultative Groups) have expanded substantially over the past four decades. They cover a wide gamut of development issues and participants, and include some 60 recipient countries and 50 official donors. In a context of declining per capita aid disbursements for most countries, the Bank’s support for aid coordination has helped to protect the level of resources mobilized for individual countries and to achieve a greater aid focus on development priorities.

A Strategy for Country Leadership with Mutual Responsibility Among Partners for Development Outcomes and Distinct Accountabilities
Prospects for successful implementation of the principles of ownership and partnership embodied in the Comprehensive Development Framework can be enhanced if the Bank undertakes several concrete actions. These include measures in the policy, strategic, and operational realms, some at the global level and others at the country level. Effectiveness at both levels will re-

Principales Conclusions et Recommandations
La conclusion dominante de l’étude est que les activités de la Banque en matière de coordination de l’aide ont bien servi la communauté des institutions de développement; néanmoins beaucoup reste à faire pour atteindre l’objectif ancien d’un leadership des pays dans la gestion du procesus.

L’Environnement – Le Rôle de la Banque en Matière de Coordination de l’Aide
Les systèmes et mécanismes de coordination de l’aide au plus haut niveau (consortia et Groupes Consultatifs) animés par la Banque ont connu une forte expansion tout au long des quatre dernières décennies. Ils abordaient un vaste échantillon de problèmes de développement et rassemblaient un grand nombre de participants, dont 60 pays bénéficiaires et 50 bailleurs de
 require close consultation with other partners, including borrower countries. The Bank’s chief role would be to support movement toward recipient country leadership in the management and coordination of aid resources and to promote the needed capacity building required to effectively exercise that leadership.

**Bank Policy for Country-Led Partnership**

Bank policy on aid coordination is contained in Operational Directive 14.30 on “Aid Coordination Groups.” This directive was issued in 1989 and does not reflect the major innovations of recent years, particularly the emphasis of the CDF on partnership, ownership, and results orientation, as well as the Bank’s expanded presence in the field.

The involvement of civil society and the private sector in the aid coordination process remains controversial. Most donors strongly favor greater involve-ment, while recipient governments express a variety of views, ranging from cautiously positive to skeptical, or even antagonistic. To address this ambivalence, experimentation with alternative approaches to involving other stakeholders in different phases of aid coordination is warranted.

**Recommendations**

New statements of Operational Policy (OP), updated Bank Procedures (BP), and examples of Good Practices (GP), aligned with the principles of the CDF and reflecting leading-edge thinking, would result in greater clarity and help staff adjust accordingly.

To accompany these objectives, the new Operational Policy would:

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**El contexto: La función del Banco en la coordinación de la ayuda**

Los mecanismos y procesos centrales de coordinación de la ayuda impulsados por el Banco Mundial (consorcios y grupos consultivos) se han ampliado considerablemente en los cuatro últimos decenios. Abarcan una amplia gama de temas de desarrollo y de participantes, e incluyen unos 60 países receptores y 50 donantes oficiales. En momentos en que el desembolso de ayuda per cápita está disminuyendo en la mayoría de los países, el apoyo del Banco para coordinar dicha ayuda ha contribuido a mantener el nivel de recursos movilizados para cada país y a concentrar mejor esa asistencia en las prioridades de desarrollo.

**Estrategia para que los países asuman la conducción del proceso, con responsabilidades individuales y responsabilidades comunes de los asociados frente a los resultados de las actividades de desarrollo**

Las probabilidades de aplicar con éxito los principios de identificación y colaboración consagrados en el Marco Integral de Desarrollo pueden aumentar si el Banco adopta diversas medidas concretas, por ejemplo, normativas, estratégicas y operativas, algunas en el plano mundial y otras en los distintos países. Para que tanto unas como otras resulten eficaces será necesario consultar permanentemente a los demás asociados, incluidos los países prestatarios. Las principales funciones del Banco serían contribuir a que los países receptores fueran asumiendo la iniciativa en la gestión y la coordinación de la ayuda y promover el fortalecimiento de la capacidad necesaria para ello.

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**fonds publics. Dans un environnement dominé par le déclin des flux d’aide par tête, l’intervention de la Banque a contribué à stabiliser les ressources accessibles à certains pays et a permis d’accroître la part de ces ressources mise au service des objectifs de développement.**

**Une Stratégie de Promotion du Leadership des Pays, avec Définition d’Objectifs Communs et Répartition des Responsabilités entre les Différents Partenaires**

Par des mesures concrètes, la Banque peut faciliter l’application réussie des principes d’appropriation et de partenariat définis dans le Cadre de Développement Intégré. Il s’agit notamment de politiques, de stratégies et de mesures opérationnelles tant au niveau mondial qu’à celui de chaque pays. Des interventions efficaces aux deux niveaux nécessiteront des consultations avec les autres partenaires, y compris les pays emprunteurs. Le principal rôle de la Banque sera de promouvoir le leadership des pays dans la gestion et la coordination de l’aide et de favoriser le développement des capacités nécessaires à un exercice efficace de cette fonction.

**La Politique de la Banque en faveur d’un Partenariat Dirigé par les Pays**

La politique de la Banque en matière de coordination de l’aide est définie dans la Directive Opérationnelle 14.30 aur « les Groupes de Coordination de l’Aide ». Cette directive, qui a été publiée en 1989, ne reflète pas les grandes innovations des dernières années, notamment l’importance accordée par le Cadre de Développement Intégré aux principes de partenariat, d’appropriation et de priorité aux résultats, ainsi que le
• Declare that country leadership of the management and coordination of aid resources is Bank policy.
• Emphasize partnership and collaboration among governmental and nongovernmental actors at the country level.
• Use proven ability to collaborate with other partners as a criterion for the appointment and performance assessment of operations managers.
• Use Project Implementation Units (PIUs) only in exceptional circumstance or when there is no feasible alternative and commit to a monitorable phase-out plan.

Bank Procedures could include revised CAS guidelines that ask how the Bank will work with its partners to (i) increase the coherence, selectivity, and efficiency of donor support; (ii) build government capacity for aid management and coordination; and (iii) enhance participation of civil society and the private sector in aid coordination processes. The procedures could also emphasize the use of programmatic lending approaches and instruments, such as Sector Programs and Poverty Reduction Support Credits that facilitate transfer of aid coordination leadership to recipient countries. For countries where the Poverty Reduction Strategy Paper (PRSP) is to be prepared, these elements could be incorporated in the PRSP.

The Good Practices statement would provide examples of strong country commitment; effective and efficient donor support, including support for capacity building; involvement of civil society and the private sector; partnership agreements that delineate mutual

Política del Banco encaminada a lograr que los países se encarguen de la coordinación de la ayuda
La política del Banco sobre coordinación de la ayuda se detalla en la Directriz Operacional 14.30, “Aid Coordination Groups”. Publicada en 1989, esta directriz no recoge las principales innovaciones de los últimos años, en especial la importancia que atribuye el MID a la colaboración, la identificación con los procesos y el interés en la obtención de resultados, así como tampoco refleja el aumento de la presencia del Banco en el terreno.

La participación de la sociedad civil y el sector privado en el proceso de coordinación de la ayuda continúa despertando controversias. La mayoría de los donantes está decididamente a favor de una mayor participación, mientras que las opiniones de los gobiernos receptores difieren y van desde la anuencia cautelosa al escepticismo o, incluso, la oposición. A fin de solucionar esta ambivalencia es preciso ensayar nuevos métodos que comprendan la intervención de otros interesados en diferentes etapas de la coordinación de la ayuda.

Recomendaciones
La preparación de nuevos documentos de Política Operacional, la actualización de Normas de Procedimiento del Banco y los ejemplos de Prácticas Recomendadas, en consonancia con los principios del Marco Integral de Desarrollo e ideas de vanguardia, brindarían mayor claridad y contribuirían a orientar la actuación del personal.

Para acompañar estos objetivos, en la nueva Política Operacional se debería:
• Enunciar que, según la política del Banco, los países deben

développement d’une présence plus forte de la Banque sur le terrain.

La participation de la société civile et du secteur privé au processus de coordination de l’aide est controversée. La plupart des bailleurs de fonds soutiennent fortement cette participation, mais les réactions des pays bénéficiaires sont diverses, prudemment favorables, sceptiques ou très hostiles selon les cas. L’ambivalence de ces réactions justifie une approche expérimentale permettant de tester plusieurs méthodes de participation de la société civile et du secteur privé aux différentes étapes de la coordination de l’aide.

Recommandations
De nouvelles déclarations de Politique Opérationnelle, la mise à jour des Procédures de la Banque et des exemples de Bonnes Pratiques à la fois novatrices et conformes aux principes du CDI, clarifieront le débat et faciliteront l’assimilation des nouveaux principes par le personnel de la Banque.

Dans le cadre de tels objectifs, les nouvelles Politiques Opérationnelles:
• Rapelleront que la Banque a pour politique de confier aux pays le leadership de la gestion et de la coordination de l’aide.
• Soulligneront l’importance d’un partenariat et d’une collaboration avec les institutions gouvernementales et non-gouvernementales au niveau des pays.
• Incluront l’aptitude à collaborer avec les partenaires parmi les critères du choix et de l’évaluation des responsables opérationnels de la Banque.
• Limiteront l’emploi des Unités d’Exécution des Projets à des cas exceptionnels, quand aucune autre solution n’est possible, et
responsibility and distinct accountabilities; and the use of lending instruments that support country leadership.

**Strategies for Country Leadership**

Although the donor community has long been concerned with country leadership of aid coordination, only recently have signs of change begun to emerge in the management of aid coordination at the country level. Barriers to country-led aid coordination imposed by donors and international agencies, including the Bank, include often onerous and divergent administrative procedures and the numerous visiting missions that recipient countries must accommodate. This burden can add up to quarterly reports and visiting missions numbering in the thousands each year for highly aid-dependent countries.

Although a number of countries have expressed a strong desire to manage the process, only a few former Consultative Group countries (such as Korea, Malaysia, and Thailand) have fully assumed the role. Many countries lack the capacity to take on a lead role. Some lack the commitment and resolve to do so. The time has come for a real change—rapid, but deliberate and finely executed. A logical and critical step in this direction is for the Bank, in consultation with other partners and the affected countries, to give meaning to the concept of country responsibility. The Bank’s chief role should be to support recipient country leadership, and to promote the capacity building needed to effectively exercise that leadership. This does not mean that the Bank should disen-

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**Español**

ocuperse de la gestión y la coordinación de la ayuda.

- Hacer hincapié en la asociación y la colaboración entre los participantes del sector público y del sector no gubernamental en cada país.

- Utilizar la capacidad comprobada para colaborar con otros asociados como criterio para designar a los gerentes de operaciones y evaluar su desempeño.

- Recurrir a las Unidades de Ejecución de Proyectos sólo en circunstancias excepcionales o cuando no hubiera otra solución posible, y comprometerse a llevar adelante un plan verificable de eliminación progresiva de su participación.

Entre las Normas de Procedimiento del Banco se podrían incluir, en las estrategias de asistencia a los países, nuevas pautas a fin de determinar de qué manera el Banco podría colaborar con sus asociados para i) aumentar la coherencia, selectividad y eficiencia del apoyo de los donantes; ii) fortalecer la capacidad de los gobiernos para administrar y coordinar la ayuda; y iii) aumentar la participación de la sociedad civil y el sector privado en los procesos de coordinación de la ayuda. Los procedimientos también podrían subrayar el uso de instrumentos crediticios programáticos, como los programas sectoriales y los préstamos/ créditos programáticos para ajuste estructural, que facilitan el traspaso de la coordinación de la ayuda a los países receptores. Aquellos países que deban preparar documentos de estrategia de lucha contra la pobreza podrían incorporar a ellos estos elementos.

Los documentos de Prácticas Recomendadas podrían proporcionar

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**Français**

imposeront des plans, contrôlables, pour l’élimination de ces pratiques.

Les Procédures de la Banque pourront prévoir une révision des directives sur les Stratégies d’Assistance aux Pays; les nouvelles directives demanderont des précisions sur les modalités d’une collaboration avec les partenaires de la Banque (i) pour accroître la cohérence, la sélectivité et l’efficacité de l’aide, (ii) pour développer les capacités du gouvernement en matière de gestion et de coordination de l’aide et (iii) pour encourager la participation de la société civile et du secteur privé dans les processus de coordination. Les procédures pourront également souligner l’importance des prêts-programmes, tels que les Programmes Sectoriels et les Crédits/Prets-Programmes d’Ajustement Structurel, pour faciliter le transfert aux pays bénéficiaires du leadership de la coordination de l’aide. Les mêmes indications pourront également être introduites dans les Documents de Pratiques à forte engagement, d’aide efficace des bailleurs de fonds, notamment pour le développement des capacités, de participation de la société civile et du secteur privé, d’accords de partenariat définissant les objectifs communs et les responsabilités particulières des participants, et enfin de l’emploi d’instruments financiers qui favorisent le leadership des pays.

**Stratégies pour la Promotion du Leadership des Pays**

La communauté des bailleurs de fonds a depuis longtemps demandé que le leadership de la coordination de l’aide
gage itself from either the aid coordination process or from maintaining and strengthening its country programs. But by giving the country a chance to exert leadership, the Bank will be in a better position to assist in building long-term capacity, in line with CDF and OECD/DAC principles.

Some donors see little or no link between more effective aid coordination and higher global aid levels. But by linking the two, donors would encourage recipient governments to institute the politically difficult reforms that may be needed to make better use of aid and strengthen capacity.

**Recommendations**

Development results are achieved or not achieved at the country level. Therefore it is critical that the management and coordination of aid resources be effectively owned and led by the country. This process would be accelerated if each Bank country team or department that supported a CG (or similar mechanism) were to work with the government and other development partners to formulate a strategy explicitly intended to help the country move toward aid coordination leadership. Factors such as the extent of institutional capacity, transparent processes, standards of accountability, and commitment to sound policies would need to be taken into account in developing an appropriate strategy and timeframe for each country (see Annex I for further discussion). Each strategy would demonstrate how the Bank and other partners would help the government:

- Strengthen its aid management and coordination capacity.

**Examples of countries with high grade of commitment:**

- Support for strengthening the country's programs.
- Inclusion of the support for strengthening the capacity; participation of the society and the sector private; of agreements of collaboration where are defined the responsibilities of the country and the sector.

**Strategies for countries to assume their function of direction:**

If the country has been able to coordinate the assistance, only subsequently can they perceive changes within the countries. Among the works that the donors and the international organizations, including the Bank, support to the coordination of assistance, are found the procedures administrative costs and divergent and the numerous missions of visit that the countries beneficiaries should accept. In the case of the countries that depend in a major way from the assistance, this burden is summarized in the reports trimesterlies and the thousands of missions that arrive yearly.

Si bien varios países han manifestado su firme voluntad de conducir el proceso pertinente, sólo algunos, para los cuales existían anteriormente Grupos Consultivos (como Corea, Malasia y Tailandia), han asumido plenamente dicha función. Muchos países carecen de la capacidad necesaria para cumplir un papel preponderante. Algunos no tienen el empeño ni la determinación para ello. Ha llegado el momento de un cambio real: rápido, pero

soit confié aux pays, mais c'est seulement à une date récente qu’ont commencé à apparaître des signes de changements dans la coordination de l’aide au niveau des pays. La promotion du leadership des pays rencontre de nombreux obstacles, créés par les bailleurs de fonds et les institutions internationales, y compris la Banque; citons notamment les procédures administratives, souvent lourdes et divergentes, et le nombre des missions que doivent accueillir les pays bénéficiaires. Le fardeau est pesant pour les pays les plus dépendants de l’aide: multiplication des rapports trimestriels et accueil tous les ans de milliers de missions.

Plusieurs pays ont souhaité prendre en mains la gestion du processus, mais peu nombreux sont ceux qui ont en fait assumé ce rôle; il s’agit de pays comme la Corée, la Malaisie et la Thaïlande qui faisaient autrefois l’objet de Groupes Consultatifs. En fait, beaucoup de pays n’ont pas la capacité d’assumer cette responsabilité; d’autres n’ont pas la volonté politique. Le moment est venu d’un véritable changement — rapide, mais réfléchi et soigneusement exécuté. Logiquement, une étape importante de ce changement serait que la Banque consulte ses partenaires et les pays intéressés et tente de donner un sens au terme « responsabilité du pays ». Le rôle principal de la Banque doit être de promouvoir le leadership des pays et de favoriser le développement des capacités nécessaires. Ceci ne signifie pas que la Banque doit se dégager du processus de coordination de l’aide et cesser les efforts entrepris pour développer et renforcer ses programmes de pays. Mais si la Banque donne aux pays l’occasion d’exercer leur leadership,
Reach partnership agreements with donors that delineate mutual responsibility for development outcomes and distinct accountabilities of each partner.

- Design agreed coordination principles and procedures (such as adhering to country-led efforts to bring about greater coherence and selectivity in the application of aid resources).

- Present a plan for carrying out joint monitoring and evaluation missions with donors in order to reduce barriers to country leadership and promote country assessment of donor performance.2

Global Engagement with Donors for Country Partnership

The record of World Bank support of country-led aid coordination has been mixed. Actions by the Bank that have contributed to developing country capacity, and have generally been seen as positive steps by governments and other donors, include:

- Encouraging countries to play an active role in planning and preparing for efforts related to aid coordination

- Supporting sector development programs and donor selectivity

Box 1. Country Management of Aid Group Meetings

International development goals spanning the first 15 years of the twenty-first century have received widespread endorsement. Strong country ownership, a core principle of the CDF, has been identified as essential for achieving these goals (Wolfensohn 1999:9–10; OECD/DAC 1996:13–17). Working with its development partners, an important goal for the Bank should be the transfer of the management of all formerly Bank-managed aid group meetings to countries over the same timeframe. This will bring to conclusion approximately 50 years of constructive and fruitful efforts by the Bank to initiate, organize, convene, and chair aid group meetings. Through these meetings, the Bank has helped to bring bilateral donors into the aid coordination process, mobilize vast amounts of aid money, put new issues on national and international agendas, and assist many countries in prioritizing their national goals, strengthening government institutions, and introducing proper procurement and accounting practices. The Bank has also given impetus to the private sector, both local and international, as a critical partner in the development process. Now is the time for the Bank to demonstrate its commitment to the notion that ultimate responsibility for a country’s affairs rests with the country itself.
and harmonization in selected countries and through the Special Program of Assistance for Africa (SPA)

- Strengthening resident missions and giving them more authority

- Supporting (in some countries) an expansion of in-country aid coordination forums and, at least on an alternating basis, in-country Consultative Group meetings.

Offsetting these positive accomplishments are the following findings:

- A number of local donor representatives, and to a lesser, but still significant, degree, borrower country respondents, find that Bank headquarters staff exhibit arrogant attitudes and nonconsultative behavior during their visits.

- About 60 percent of local donors who responded to the study survey were neutral or negative about the responsiveness of the los donantes alentarian a los gobiernos receptores a instituir cette stratégie et le calendrier de la reformas, difíciles de aplicar por motivos políticos, que pueden ser necesarias para aprovechar mejor la ayuda y aumentar la capacidad.

Recomendaciones
Las actividades de desarrollo surten efecto o fracasan en los países. Por lo tanto, es fundamental que cada país dirija y asuma como propias la gestión y la coordinación de la ayuda. Este proceso se aceleraría si cada grupo o departamento geográfico del banco que prestaba su apoyo a un grupo consultivo (o a otro mecanismo similar) colaborara con el gobierno y los demás asociados en la tarea del desarrollo a fin de formular una estrategia explícitamente concebida de coopertaion et de neutralité.

Chacune de ces stratégies indiquera comment la Banque et ses partenaires aideront le gouvernement:

- à renforcer sa capacité de gestion et de coordination de l’aide.

- à conclure des accords de partenariat avec les bailleurs de fonds qui définiront des responsabilités communes et les responsabilités particulières de chaque partenaire pour l’accomplissement des objectifs de développement.

- à définir d’un commun accord des principes et des procédures CH.

ENCADRÉ. GESTION PAR LE PAYS DES RÉUNIONS DES GROUPES DE BAILLEURS DE FONDS

Les objectifs internationaux du développement pour les quinze premières années du vingtième siècle ont reçu un accueil très favorable. Une forte appropriation par les pays, l’un des principes fondamentaux du CDI, est considérée comme une condition essentielle de l’accomplissement de ces objectifs (Wolfensohn, 1999: 9-10 et OCDE/CAD 1996: 13-17). Une tâche importante de la Banque sera de collaborer avec ses partenaires du développement pour transférer aux pays, sur la base d’un calendrier identique, la gestion de toutes les réunions des groupes de donateurs ou des groupes de donleurs, en généralisant la Banque. Cette décision mettra fin à environ 50 années d’efforts constructifs et profitables de la Banque pour initier, préparer, organiser et présider des réunions de groupes de donateurs. Ces réunions ont permis d’intégrer les bailleurs de fonds bilatéraux dans le processus de coordination de l’aide, ont mobilisé des volumes importants d’assistance financière, ont mis à l’ordre du jour des réunions nationales et internationales de nouveaux problèmes de développement et ont aidé de nombreux pays à définir leurs priorités nationales, à renforcer leurs institutions publiques et à assainir leurs méthodes d’acquisition de biens et services et leurs procédures comptables. La Banque a également donné une impulsion à la participation du secteur privé, local et international, au processus de développement. Aujourd’hui, le moment est venu pour la Banque de démontrer son appui au principe selon lequel ce sont les pays qui doivent assumer la responsabilité finale de la gestion de leurs affaires.
Bank to donor views in the consultations preceding aid coordination meetings.

- Donors find that the financial management capacity of recipients is often weak. This makes donors cautious about assuming the costs and risks of harmonizing the procedures that would enable them to be more flexible in contributing to broad sector development and public expenditure reform programs. Recipient governments, however, single out harmonization of donor policies and procedures as the first thing donors should do to improve aid coordination.
- There are few examples of aid coordination efforts that have led to greater donor selectivity.
- Years of debate among donors have yielded little action to reduce burdensome aid delivery transactions costs. Such a reduction would help countries to assume leadership in aid coordination.
- Overall, donor efforts to strengthen country aid management and coordination capacity have been expensive, supply-driven, and ultimately ineffective. Aid coordination activities are seen by both recipient countries and donors as doing little or nothing to improve country capacity.

**Recommendations**

Successful implementation of this report’s recommendations will require consensus and collaboration among donors at the global level.

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*Acercadas (para mayores detalles, véase el Anexo 1). En cada estrategia se indicaría la manera en que el Banco y otros asociados podrían ayudar al gobierno a alcanzar los siguientes objetivos:
- Mejorar su capacidad para administrar y coordinar la ayuda;
- Celebrar acuerdos de colaboración con los donantes, donde se establezca la responsabilidad común frente a los resultados de las actividades de desarrollo y la responsabilidad precisa de cada uno de los asociados;
- Formular principios y procedimientos de coordinación consensuados (por ejemplo, respaldar los esfuerzos emprendidos por los países para lograr mayor coherencia y selectividad en la aplicación de los recursos de ayuda).
- Presentar un plan para llevar a cabo, junto con los donantes, misiones de evaluación y seguimiento, con el propósito de reducir los obstáculos que impiden al país asumir la conducción del proceso, y promover la evaluación, por parte del país, del desempeño de los donantes.2

**Actividades globales emprendidas junto con los donantes para colaborar con los países**

El apoyo prestado por el Banco Mundial a los países para que asumieran la conducción del proceso de coordinación de la ayuda ha tenido resultados dispares. Las siguientes son algunas de las medidas del Banco que han contribuido a mejorar la capacidad de los países en desarrollo,

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*À présenter un plan de missions conjointes de suivi et d’évaluation de la Banque et des bailleurs de fonds, dont le but sera de réduire les obstacles au leadership du pays et de faciliter l’évaluation de la performance des donateurs par les pays eux-mêmes.2

**Un Engagement Global avec les Bailleurs de Fonds pour un Partenariat de Pays**

Les efforts de la Banque Mondiale pour promouvoir la coordination de l’aide par les pays ont donné des résultats inégaux. Les gouvernements et les bailleurs de fonds ont commenté favorablement sur certaines des mesures prises par la Banque pour développer les capacités des pays:
- Elle a encouragé les pays à jouer un rôle important dans la planification et la préparation d’activités importantes pour la coordination de l’aide
- Elle a appuyé des programmes de développement sectoriel et favorisé la sélectivité et l’harmonisation de l’aide dans certains pays, ainsi que par l’intermédiaire du Programme Spécial d’Assistance à l’Afrique
- Elle a renforcé ses missions résidentes et leur a donné plus d’autorité.
- Elle a appuyé (dans certains pays) le développement de forums nationaux de coordination de l’aide, ainsi que la réunion dans les pays de certaines réunions des Groupes Consultatifs, parfois en alternance avec des réunions à l’étranger.

À côté de ces commentaires positifs, notons cependant les critiques suivantes:
- Un certain nombre de représentants locaux des
EXECUTIVE SUMMARY

A joint statement issued by the OECD/DAC, the UNDP, and the World Bank at the conclusion of the December 1999 Development Partnership Forum called for a "joint partnership group" to take stock of existing work, with a view to accelerating progress. The elements to receive attention in-
y que gobiernos y donantes han
considerado positivas:
• Alentar a los países a
desempeñar un papel dinámico
en la planificación y
preparación de actividades
vinculadas a la coordinación de
la ayuda;
• Apoyar los programas de
desarrollo del sector privado y la

Reuniones de los Grupos de Ayuda

Los objetivos internacionales de desarrollo para los primeros 15 años del siglo XXI han recibido un apoyo generalizado. Para poder alcanzarlos, es esencial que los países se identifiquen profundamente con ellos, y esta condición es uno de los principios básicos del Marco Integral de Desarrollo (Wolfensohn 1999:9-10; OCDE/CAD 1996:13-17). Al colaborar con sus asociados para el desarrollo, el Banco debería procurar, como objetivo importante, transferir a los países, dentro del mismo plazo, la gestión de todas las reuniones de los grupos de ayuda, anteriormente a cargo del Banco. De este modo llegarían a su término 50 años de labor constructiva y provechosa del Banco para concebir, organizar, convocar y presidir las reuniones de los grupos de ayuda. Mediante estas reuniones, el Banco ha contribuido a integrar a los donantes bilaterales en el proceso de coordinación de la ayuda, movilizar ingentes sumas de dinero en concepto de ayuda, incluir nuevos temas en los programas nacionales e internacionales, y ayudar a muchos países a otorgar prioridad a sus objetivos nacionales, fortaleciendo las instituciones públicas e introduciendo prácticas adecuadas en materia de adquisiciones y contabilidad. El Banco también ha dado impulso al sector privado, sea local o internacional, colaborador crucial en el proceso de desarrollo. Ahora ha llegado, para el Banco, el momento de demostrar en los hechos su convicción de que, en definitiva, un país es responsable de sus propios asuntos.

cluded harmonization of donors' operational policies and procedures, capacity building for managing development resources by the recipient countries, joint monitoring and evaluation based on jointly agreed indicators of development progress, and improved information sharing on promising and innovative approaches to partnership. While a new "joint partnership group," as such, has not been established, the ongoing Informal Group of Multilateral Secretariats, convened by the DAC chair, and composed of the heads of the main multilateral financial institutions, has decided to focus on several of these elements. The Bank continues to be an active selectividad y armonización de los donantes en países escogidos y por medio del Programa Especial de Asistencia para África;
• Reorganizar las misiones residentes y darles mayor autoridad;
• Fomentar (dentro de algunos países) la expansión de los foros de coordinación de la ayuda y, al menos en forma alternada, reuniones de los Grupos Consultivos.
Las siguientes conclusiones, sin embargo, contrarrestan esos hechos positivos:
• Varias representantes locales de los donantes y un número menor, aunque significativo, de
représentants locaux des bailleurs de fonds ayant répondu à l'enquête ont fait des commentaires négatifs ou neutres sur les réactions de la Banque aux vues exprimées par eux lors des consultations précédant les réunions de coordination de l'aide.
• Parmi les agences avec lesquelles la Banque partage un rôle d'appui à la coordination de l'aide, le PNUD est l'institution la plus proche. Néanmoins, malgré quelques exemples de bonnes pratiques, les représentants des bailleurs de fonds ont noté des tensions entre la Banque et le PNUD qui doivent être apaisées.
• Les bailleurs de fonds estiment
participant in harmonization efforts among the major multilateral development banks (MDBs) and through the SPA. It has recently broadened the dialogue to include a much broader group of multilateral financial institutions and has established a close linkage with a newly formed OECD/DAC task force on harmonization of bilateral donor procedures. As part of these initiatives or in parallel with them, the Bank should pursue the following complementary efforts:

- Work closely with the U.N. system (in particular the UNDP); DAC members, including the EU; and the RDBs to establish a common understanding and commitment to building partnerships at the country level.
- In view of the central importance of capacity building to the development of effective country leadership, the Bank should work with other partners with experience in this area to formulate a coordinated approach to capacity development.
- Continue to support harmonization of donor procedures and policies among MDBs and in the SPA, as well as closely coordinating with the new OECD/DAC harmonization task force.

Monitoring Progress

Monitoring is essential, both to report on progress and to identify constraints to achieving that progress.

Recommendation

The Bank should develop a limited number of indicators to benchmark and monitor the progress of recipient countries toward assuming responsibility for their own development projects. This would involve the development of a limited number of indicators to measure and monitor the progress of the process of aid coordination and the development of partnerships. The indicators would provide a basis for identifying constraints to achieving that progress.

Recommendations

Le succès de l’application des recommandations de ce rapport...
**Executive Summary**

**Training and Development**

When donors and recipients were asked during the study survey to identify the three main weaknesses of the Bank’s role in aid coordination, by far the most common criticism voiced by local donor representatives was a lack of consultation by visiting Bank missions. A notable conclusion emerging from the February 1999 workshop of senior government officials was that more attention should be given to developing the skills that government and donor staff need to coordinate aid effectively, including negotiation, facilitation, communication, economic and social analysis, information technology, and diplomacy.

If donors want recipient countries to assume a leadership position in aid coordination, they should note that more than half of Bank staff and local donors who responded to the survey were neutral-to-negative about the need for recipient governments to take the lead for in-country aid coordination.

**Recommendation**

The World Bank Institute (WBI), in consultation with the Regions, should review training and development programs for staff and clients to ensure that they cover negotiation and facilitation skills, sensitivity training, and other knowledge and skills needed to foster effective partnership and collaboration.

**Español**

por reducir los gravosos costos de las transacciones de entrega de ayuda. Una reducción de esta índole contribuiría a que los países pudieran ocuparse de la coordinación de la ayuda.

- En resumidas cuentas, los esfuerzos de los donantes por mejorar la capacidad de los países para administrar y coordinar la ayuda han sido costosos, impulsados por la oferta y, en definitiva, ineficaces. Tanto los países receptores como los donantes consideran que las actividades de coordinación de la ayuda han hecho poco o nada por mejorar la capacidad del país.

**Recomendaciones**

Para que las recomendaciones de este informe se puedan llevar a la práctica con éxito se requerirá consenso y colaboración entre los donantes de todo el mundo. En una declaración conjunta emitida en diciembre de 1999 por el Comité de Asistencia para el Desarrollo de la OCDE, el PNUD y el Banco Mundial con ocasión de la clausura del Foro de Asociación por el Desarrollo, se pidió que un “grupo conjunto de fomento de la colaboración” sacara partido de la labor realizada, a fin de acelerar el progreso. Los elementos a los que debía prestarse atención incluían la armonización de las políticas y los procedimientos operacionales de los donantes, el fortalecimiento de la capacidad de los países receptores para administrar los recursos para el desarrollo, el seguimiento y la evaluación conjuntos basados en indicadores del desarrollo establecidos de común acuerdo, y un mejor intercambio de información sobre las modalidades de colaboración novedosas y prometedoras. Si bien nunca se creó un accord et d’une collaboration entre les bailleurs de fonds à l’échelle mondiale. Une déclaration conjointe de l’OCDE/CAD, du PNUD et de la Banque Mondiale en décembre 1999 à la fin du Forum pour le Partenariat du Développement demandait la création d’un « groupe conjoint du partenariat » qui ferait le point des progrès réalisés avec pour objectif l’accélération du processus. Parmi les éléments à étudier, citons notamment l’harmonisation des politiques et procédures opérationnelles des bailleurs de fonds, le développement des capacités de gestion des dépenses de développement par les pays bénéficiaires, des opérations conjointes de suivi et d’évaluation basées sur un accord sur les indicateurs du progrès du développement, enfin un meilleur système de partage de l’information au sujet d’expériences novatrices et prometteuses de partenariat.

Soit
un "grupo conjunto de fomento de la colaboración" semejante, el Grupo informal de secretarías multilaterales convocado por la presidencia del Comité de Asistencia para el Desarrollo y compuesto por los jefes de las principales instituciones financieras multilaterales, ha decidido ocuparse de varios de esos elementos. El Banco sigue teniendo una participación destacada en las actividades de coordinación entre los principales bancos multilaterales de desarrollo y en el marco del Programa Especial de Asistencia para África. Últimamente, ha ampliado el diálogo a fin de incluir a un grupo mucho más numeroso de instituciones financieras multilaterales y ha establecido un estrecho vínculo con un grupo de estudio sobre la armonización de los procedimientos de los donantes bilaterales, creado recientemente por el Comité de Asistencia para el Desarrollo de la OCDE. Como parte de estas iniciativas o paralelamente con ellas, el Banco debería tomar las siguientes medidas complementarias:

- Colaborar estrechamente con el sistema de las Naciones Unidas (en particular con el PNUD); con los miembros del Comité de Asistencia para el Desarrollo, incluida la Unión Europea; y con los bancos regionales de desarrollo, a fin de llegar a un acuerdo y un compromiso común para crear relaciones de colaboración en distintos países.
- Habida cuenta de la importancia fundamental del fortalecimiento de la capacidad para que un país pueda asumir eficazmente la conducción de los procesos, colaborar con otros asociados con experiencia en esta esfera a

dans le cadre de ces initiatives, soit en dehors, la Banque devrait poursuivre les efforts complémentaires suivants :

- Collaborer étroitement avec le système des Nations Unies (en particulier le PNUD), les membres du CAD, y compris l'Union Européenne, et les Banques Régionales de Développement pour un accord et un engagement communs pour l'établissements de partenariats au niveau des pays.
- Compte tenu de l'importance centrale du développement des capacités pour la création d'un leadership efficace des pays, la Banque devrait collaborer avec d'autres partenaires ayant acquis de l'expérience dans ce domaine pour définir une conception commune du développement des capacités.
- Continuer d'appuyer l'harmonisation des politiques et des procédures dans son dialogue avec les banques multilatérales de développement et par l'intermédiaire du Programme Spécial pour l'Afrique, et poursuivre sa coopération avec le nouveau groupe de travail de l'OCDE/ CAD.

Suivi des Progrès Réalisés
Le suivi est essentiel pour évaluer les progrès réalisés et pour identifier les obstacles à ce progrès.

Recommandation
La Banque devrait mettre au point un nombre limité d'indicateurs de résultats et suivre les progrès accomplis par les pays bénéficiaires vers l'exercice du rôle de leader dans la gestion et la coordination de l'emploi des fonds d'aide.
EXECUTIVE SUMMARY

fin de diseñar un método coordinado para el desarrollo de la capacidad.
- Continuar apoyando la armonización de los procedimientos y las políticas de los donantes entre los bancos multilaterales de desarrollo y en el Programa Especial de Asistencia para África, así como coordinar actividades con el nuevo grupo de estudio del Comité de Asistencia para el Desarrollo de la OCDE.

Seguimiento de los progresos
El seguimiento es esencial, tanto para obtener información sobre los progresos realizados, como para determinar cuáles son los obstáculos que impiden avanzar.

Recomendación
El Banco debería crear un número limitado de indicadores para comparar y vigilar el avance que registran los países receptores en sus esfuerzos por asumir la dirección y la coordinación del uso de los recursos de ayuda.

Capacitación y desarrollo
Cuando se pidió a donantes y receptores, como parte de las encuestas para el estudio, que mencionaran los tres puntos más débiles de las actividades de coordinación de la ayuda realizadas por el Banco, lo que más criticaron los representantes locales de los donantes fue, por un gran margen, que las misiones de visita del Banco no los consultaran. De un seminario celebrado en febrero de 1999 surgió una conclusión notable: debe prestarse mayor atención al desarrollo de las habilidades que los funcionarios públicos y el personal de los donantes necesitan para coordinar.

Formation et Développement
L’enquête a demandé aux bailleurs de fonds et aux bénéficiaires d’identifier les trois principales faiblesses de la Banque dans son action pour la coordination de l’aide; la critique la plus fréquente de la part des représentants locaux des bailleurs de fonds était le fait que les missions de la Banque ne les consultaient guère. Une conclusion importante de l’atelier de février 1999 réunissant de hauts fonctionnaires nationaux était qu’il fallait accorder une place plus grande au développement des capacités dont les gouvernements et les bailleurs de fonds ont besoin pour une coordination efficace de l’aide, notamment l’aptitude à la négociation, le rôle de facilitateur, la communication, l’analyse économique et sociale, les techniques de l’information et la diplomatie.

Si les bailleurs de fonds veulent que les pays assument le leadership de la coordination de l’aide, il doivent tenir compte du fait que plus de la moitié du personnel de la Banque et des bailleurs de fonds locaux interrogés paraísan hostiles ou indifférents à l’idée que les gouvernements bénéficiaires doivent assumer la direction de la coordination de l’aide dans le pays.

Recommandation
L’Institut de la Banque Mondiale devrait, en accord avec les Régions, examiner les programmes de formation et de développement pour le personnel de la Banque et les pays clients pour vérifier qu’ils couvrent les talents de négociateur et de facilitateur, le développement d’une sensibilité aux préoccupations des autres, et d’autres savoirs et qualités nécessaires pour favoriser des partenariats et des collaborations efficaces.
eficazmente la ayuda; esa tarea debe incluir materias como negociación, facilitación, comunicación, análisis económico y social, tecnología de la información y diplomacia.

Si los donantes desean que los países receptores asuman un papel preponderante en la coordinación de la ayuda, deben tomar en cuenta que más de la mitad del personal del Banco y los donantes locales que respondieron el cuestionario tenían opiniones que oscilaban entre neutrales y negativas frente a la necesidad de que los gobiernos receptores tomaran la iniciativa de coordinar la ayuda dentro de su país.

Recomendación
El Instituto del Banco Mundial, junto con las Regiones, debería volver a examinar los programas de capacitación y desarrollo para el personal y los clientes a fin de asegurarse de que incluyan conocimientos sobre negociación y facilitación, educación de la sensibilidad, y otras disciplinas y habilidades necesarias para fomentar relaciones de colaboración y asociaciones eficaces.
### Acronyms and Abbreviations

<table>
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<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>ACBF</td>
<td>African Capacity Building Foundation</td>
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>AFR</td>
<td>Africa Region (World Bank)</td>
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<td>BP</td>
<td>Bank Procedures</td>
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<td>CAE</td>
<td>Country Assistance Evaluation</td>
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<td>CAR</td>
<td>Country Assistance Review</td>
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<td>CAS</td>
<td>Country Assistance Strategy</td>
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<td>CDF</td>
<td>Comprehensive Development Framework</td>
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<td>CEM</td>
<td>Country Economic Memorandum</td>
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<td>CG</td>
<td>Consultative Group</td>
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<td>CGCED</td>
<td>Caribbean Group for Cooperation in Economic Development</td>
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<td>CIAP</td>
<td>Committee for the Alliance for Progress</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<tr>
<td>CODE</td>
<td>Committee on Development Effectiveness</td>
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<td>CPIA</td>
<td>Country Policy and Institutional Assessment</td>
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<td>DAC</td>
<td>Development Assistance Committee (OECD)</td>
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<td>Danida</td>
<td>Danish International Development Assistance Program</td>
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<td>DFID</td>
<td>U.K. Department for International Development</td>
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<td>EAP</td>
<td>East Asia and Pacific Region (World Bank)</td>
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<td>ECA</td>
<td>UN Economic Commission for Africa; European and Central Asia Region (World Bank)</td>
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<td>ESW</td>
<td>Economic and Sector Work</td>
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<td>EXT</td>
<td>External Affairs (World Bank)</td>
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<td>EU</td>
<td>European Union</td>
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<td>FERD</td>
<td>Foreign Economic Relations Department (Kazakhstan)</td>
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<td>FY</td>
<td>Fiscal Year</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GNP</td>
<td>Gross National Product</td>
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<td>GP</td>
<td>Good Practice</td>
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<td>HRS</td>
<td>Human Resource Services (World Bank)</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IDB</td>
<td>Inter-American Development Bank</td>
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<td>IDF</td>
<td>Institutional Development Fund</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INGO</td>
<td>International Nongovernmental Organization</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<td>JSA</td>
<td>Joint Staff Assessment</td>
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<td>LCR</td>
<td>Latin America and Caribbean Region (World Bank)</td>
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<td>MDB</td>
<td>Multilateral Development Bank</td>
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<td>MNA</td>
<td>Middle East and North Africa Region (World Bank)</td>
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<td>MFDP</td>
<td>Ministry of Finance and Development Planning (Botswana)</td>
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<td>MFI</td>
<td>Multilateral Financial Institution</td>
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<td>MOP</td>
<td>Memorandum of the President</td>
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<td>MTEF</td>
<td>Mid-term Expenditure Framework</td>
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<td>NAFI</td>
<td>National Agency for Foreign Investment (Kazakhstan)</td>
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<td>NatCAP</td>
<td>National Technical Cooperation Assessment and Programs</td>
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<td>NEX</td>
<td>National Execution Program</td>
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<td>NGO</td>
<td>Nongovernmental Organization</td>
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<td>NNGO</td>
<td>National NGO</td>
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<td>NLS</td>
<td>Nonlending Services</td>
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<td>OCS</td>
<td>Operational Core Services (World Bank)</td>
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<td>OD</td>
<td>Operational Directive</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OED</td>
<td>Operations Evaluation Department</td>
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<td>OEDCM</td>
<td>Corporate Evaluation and Methods Group</td>
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<td>OP</td>
<td>Operational Policy</td>
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<td>OPS</td>
<td>Operations Policy and Strategy (World Bank)</td>
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<td>OPCS</td>
<td>Operational Policy and Country Services (World Bank)</td>
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<td>PACT</td>
<td>Partnership for Capacity Building in Africa</td>
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<td>PER</td>
<td>Public Expenditure Review</td>
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<td>PERC</td>
<td>Public Expenditure Reform Credit</td>
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<td>PERL</td>
<td>Public Expenditure Loan</td>
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<td>PHRD</td>
<td>Policy and Human Resource Development Trust Fund</td>
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<td>PIU</td>
<td>Project Implementation Unit</td>
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<td>PMU</td>
<td>Project Management Unit</td>
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<td>PPP</td>
<td>Purchasing Power Parity</td>
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<td>PR</td>
<td>Progress Report</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>RBM</td>
<td>Results-Based Management</td>
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<td>RDB</td>
<td>Regional Development Bank</td>
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<td>RM</td>
<td>Resident Mission</td>
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<td>RT</td>
<td>Round Table</td>
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<td>SAR</td>
<td>South Asia Region (World Bank)</td>
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<td>SDC</td>
<td>Swiss Agency for Development Assistance and Cooperation</td>
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<td>SDP</td>
<td>Sector Development Program</td>
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<td>Sida</td>
<td>Swedish International Development Cooperation Agency</td>
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<td>SIL</td>
<td>Sector Investment Loan</td>
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<td>SIP</td>
<td>Sector Investment Program</td>
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<td>SP</td>
<td>Sector Program Approach</td>
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<td>SPA</td>
<td>Special Program of Assistance for Africa/Strategic Partnership with Africa</td>
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<td>UNDAF</td>
<td>United Nations Development Assistance Framework</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WBI</td>
<td>World Bank Institute</td>
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Chapter 1

Introduction

At best, the supply of assistance is limited, and those who provide it have a proper interest in the economic performance of those who receive it. The receiving country has an equally legitimate need for an assurance that the aid available to it will be appropriate to its development requirements. The interests of both call for coordination at each end of the flow of assistance.


The Strategic Importance of Aid Coordination

The development community has long recognized how aid coordination can contribute to development effectiveness, and recent trends have reinforced its importance and potential. Official Development Assistance (ODA) flows have stagnated, development performance has been disappointing, and donor countries are increasing their demands for accountability and results. At the same time, low-income countries remain highly dependent on ODA.

Against this background, the Executive Directors of the World Bank asked the Operations Evaluation Department (OED) to review the role and experience of the Bank in aid coordination. This report presents the findings and recommendations of OED's review. A key objective was to examine both the constraints involved and the progress made in helping the countries to assume more responsibility for aid coordination. Another objective was to determine the effect of the Bank's policies and procedures on government ownership of aid coordination processes in recipient countries and the development of their capacity to carry out the accompanying responsibilities.

The review deals with an important dimension of the Comprehensive Development Framework (CDF). The CDF includes partnership as one of its major principles, and aid coordination is closely linked with partnership. This link derives from the requirement of any partnership that all partners jointly develop and agree on their objectives, as well as on their respective accountabilities in realizing these objectives. It is also important that they support capacity development, which must take place if weaker members are to participate fully. Most of these elements were laid out three decades ago in the widely disseminated (in 9 languages) Pearson Commission report, Partners in Development (Pearson and others 1969: 127–28). A mid-1999 joint statement by four European Ministers of Development Cooperation is a recent high-level expression of these concerns: it calls for better coordination among donors and a desire to see recipient countries in the “driver's seat.”

Scope

The Bibliography includes a list of papers and documents prepared for the review, and methods and sources are described in Annex 2. Sources include more than 130 responses to questionnaire surveys of Bank staff, government officials, donors, and international NGOs; two action-learning workshops; three country visits; literature and document reviews; and several concurrent OED Country Assistance Evaluations. The review has received valuable intellectual and financial assistance from the Swiss Agency for Development Assistance and Cooperation (SDC), which included support for a February 1999 workshop involving 19 senior aid coordination officials from recipient countries.

In conjunction with an evaluation of the Round Table (RT) mechanism conducted by the United Nations Development Program (UNDP), a joint survey of other donor agencies was carried out by the Bank (OED) and the UNDP. The Bank and UNDP reviews and OECD/DAC
experience formed the basis for discussion at a Development Partnership Forum, held at the OECD, December 6–8, 1999.

Although this review has focused on aid coordination at the country level, country-focused aid coordination occurs within important regional and global contexts. A recent interpretation of trends in development assistance indicates that a new development cooperation paradigm has emerged. Fifteen years after the end of the Cold War, a shift from geopolitics to globalization is seen as leading to greater attention to transnational problems. A related shift in agencies’ approach to country aid is also observed—from one of entitlement, to one that places importance on effectiveness. The corollary is also drawn that “improved delivery is dependent on far greater coordination among donors than exists today” (Gwin 1999:2). As the attention of donors has shifted from geopolitics, it has also moved to governance and related issues, including human rights and corruption, which neither the Bank nor any of its donor partners would have been inclined to raise in aid coordination discussions even a few years ago.

The Changing Landscape of Aid Coordination

The Bank’s experience in coordinating aid began in 1958, when it chaired a consortium of governments and institutions assembled in Washington to avert a foreign exchange crisis in India.5 The success of this approach for India and Pakistan triggered requests for similar fora. In response, Consultative Groups (CGs) were initiated in the mid-1960s for a number of countries. These consortia and CGs began as “donors’ clubs”—recipient countries were not full-fledged members. Meetings were private, and recipient countries were invited to state their case and answer questions. The distinction between “member” and “recipient” was gradually and quietly dropped, and recipients became full participants.6

The number of participants in aid coordination fora for any given recipient country has increased markedly since the first aid consortia. Typically, six or seven donor countries, the Bank, and the recipient government (with the IMF as observer) attended these early meetings. Of about 160 borrower-member countries, the Bank currently convenes and chairs CG mechanisms for approximately 60 countries (for a number of East European countries, CGs are jointly chaired with the EU). In addition, the UNDP and partner countries currently convene and chair RT mechanisms for about 20 countries, and Regional Development Banks (RDBs) chair CGs for another 4 or 5 countries. The number of official bilateral and multilateral donors can range up to 50 or more for some recipient countries.

Paralleling, but far exceeding, this growth has been a mushrooming of nongovernmental organizations (NGOs) in the development arena:

- The number of international NGOs registered in OECD countries grew from 1,600 in 1980 to 2,970 in 1993.7
- The growth of registered NGOs (international and local) in borrower countries has been even more dramatic. For example, in Bolivia the figure grew from 100 in 1980 to 530 in 1992, and in Nepal, from 220 in 1990 to 1,210 in 1993.

As organizer and chair of many aid groups, the Bank has played the role of middleman, which was often difficult, because the Bank was seeking more aid and better terms for recipients. The Bank often served as a counselor and a pacesetter in performance standards, and its power and influence could be enhanced by its representation of donors. But the reverse was also true: it could become a lightning rod for recipient resentment if the Bank was perceived as exercising pressure for reform. Forty years after the first consortium, these concerns have receded as donors and recipients have sought a spirit of partnership as a substitute for the previous hierarchical order.
Some Basic Concepts and Definitions from the Literature

Notwithstanding the long history of aid coordination efforts and use of the term *aid coordination*, there is little consensus in the development community on its meaning. Part of the problem has been that the objectives and goals of coordination, the means of coordination, and who takes the lead in coordinating tend to become intertwined. This report adopts the following definition:

Aid coordination comprises activities of two or more development partners that are intended to mobilize aid resources or to harmonize their policies, programs, procedures, and practices so as to maximize the development effectiveness of aid resources.

This definition focuses on the two long-standing goals of aid coordination: resource mobilization and increased development effectiveness. This review will focus largely on the second goal. The term *harmonize* means bringing the policies, programs, and practices or procedures of development partners into alignment to reduce or eliminate waste and inconsistency.

The literature distinguishes several levels of aid coordination:

- **Information sharing and consultation**, to understand the activities, plans, and perspectives of other actors
- **Strategic coordination**, to reach a consensus on policies, strategic objectives, and key procedures and practices
- **Operational coordination**, to reach agreement on a common program or project to be carried out and financed jointly.

While level one—information sharing and consultation—can be viewed as the precursor to aid coordination, it lacks the active harmonization element embodied in the definition adopted above. A key distinction between the second and third levels of aid coordination—the strategic and the operational—is that under strategic coordination, projects continue to be financed by separate donors (although in a manner better integrated with national priorities), while under the latter, donors and the recipient country pool resources to carry out a joint set of activities or programs. Not surprisingly, the literature indicates that aid coordination becomes more difficult for participants as they try to move from one level to the next. Instances of strategic and operational coordination appear to have been most common during periods of crisis (see box 1.1), brought about by severe economic deterioration, food shortage, war, and prolonged violent conflict, rather than in "normal" times (Petesch 1996: 4, 1997: 12). Emerging case study evidence indicates that in some countries, sectoral aid coordination has, even in normal times, moved to the strategic and operational coordination stages.

International Support for Aid Coordination

A number of international institutions provide support for aid coordination efforts.

*World Bank.* The most visible role of the Bank in aid coordination has been to organize and chair about 25 CG meetings a year; over a two-to-three-year period, these involve more than 60 recipient countries. During the past decade, the Bank has become increasingly involved in aid coordination efforts at the sectoral level. It has long been active in coordination at the project level, particularly in setting up co-financing arrangements. A number of countries—including Colombia, Korea, Malaysia, Morocco, Thailand, and Tunisia—have opted out of World Bank-convened CG mechanisms, concluding that it is possible to obtain and manage external resources on their own—from both official and private sources. Argentina, Botswana, Brazil, Chile, and China are among the Bank borrower countries that have rejected participation in a CG mechanism (or RT mechanism in the case of Botswana).
Box 1.1 Aid Coordination in Post-Conflict Settings

Effective aid coordination is particularly critical in a post-conflict reconstruction setting. Typically, many donors—each with its own agenda—are present, and the financial resources they contribute far outweigh what the recipient country is able to contribute. In such a setting, institutional capacity is often weakened, which makes it essential that another country or external agency coordinate aid. Among the findings of recent country studies of aid coordination in post-conflict settings are the following:

- The earlier that coordinated action occurs, such as a joint damage and needs assessment, the more likely it is that subsequent aid coordination will be effective.
- The earlier the Bank establishes a resident field presence in a post-conflict setting, the more effective its subsequent aid coordination role will be.
- Early consultation and involvement with a wide range of domestic and international stakeholders, including civil society, the private sector, and government, are critical.
- An umbrella mechanism that brings together the economic and political dimensions (such as the Ad Hoc Liaison Committee in West Bank and Gaza) is very useful.
- Providing aid within the recipient government's budget, while always desirable, is particularly important in post-conflict settings, where off-budget, bilateral "deals" typically lead to corruption and misuse of resources.
- Multi-donor use of special mechanisms and procedures that expedite implementation of reconstruction efforts is also a positive step (such as the Tripartite Understandings of the Palestinians, Israelis, and international donors for West Bank and Gaza; the Bank-administered multilateral Holst Peace Fund, which has provided recurrent budget support for the new Palestinian Authority).


UNDP. The UNDP's sponsorship of Round Tables (RTs) parallels, with some differences, the World Bank's role in CGs. The first RT was held in 1973, and during the 1990s at least one RT has been held in each of 27 countries. (See Chapter 3 for further discussion of World Bank-UNDP aid coordination relationships.)

IMF. The IMF is a mandated participant in every CG (and chaired the first CG for Ghana in 1965). The Bank and the IMF collaborate closely on all economic documents submitted to CGs.

Regional Experience and the RDBs. During the 1960s, the World Bank provided staff support for country reviews in Latin America that were organized and chaired by the Committee for the Alliance for Progress (CIAP). During the same period, Guyana and Honduras organized and chaired their own aid group meetings. The Inter-American Development Bank (IDB) chaired a CG for Ecuador in 1965 and has chaired CGs in Central America since 1995. The Asian Development Bank (ADB) chairs CGs for Papua New Guinea (and has done so on occasion elsewhere in Asia). Recent agreement on a Standard Bidding Document by a Working Group on Procurement is a key step toward procedural harmonization among RDBs and with the World Bank.

European Union (EU). The EU and the World Bank jointly convene and chair CGs for several Eastern European countries. The EU has adopted guidelines on in-country operational coordination with EU member states, consistent with the DAC principles (OECD/DAC 1986).

Major Bilateral Donors. A major bilateral donor may convene a sectoral coordination group or a CG (as with the Netherlands in Indonesia before 1992).

OECD Development Assistance Committee (DAC). The DAC also supports aid coordination efforts in its role as secretariat to OECD-member bilateral donors. The DAC has long been concerned with issues closely related to aid coordination, such as procurement untying. DAC is invited as an observer to CG meetings, as are the Bank and UNDP to DAC meetings.
Chapter 2
Results-Based Conceptual Frameworks

The review uses standard evaluation criteria and key policy benchmarks in assessing historical performance. A framework relating country and donor characteristics to aid coordination arrangements is employed to draw implications for the future.

Evaluation Criteria and Levels

The Bank's contribution to aid coordination is one of several nonlending services it provides to client members and other partners. Aid coordination, like other aid instruments, should be regularly assessed to determine its contribution to development results. The following questions are framed to reflect the five evaluation criteria employed by OED: relevance, efficacy, efficiency, sustainability, and institutional development:

- How relevant have aid coordination efforts been in addressing the country's development priorities?
- Have the expected development results been achieved (efficacy)?
- How efficiently have they been achieved?
- How sustainable have such efforts been and to what extent have they focused participants on issues of development sustainability?
- How have the approaches to aid coordination affected institutional development?

Aid coordination can also be assessed against a hierarchy of evaluative levels. At the output level, aid coordination should be assessed by its contribution to the coherence, selectivity, harmonization, and volume of aid. At higher levels, aid coordination should be assessed in terms of its contribution to sound policy and institutional outcomes that, in turn, yield sustained development impacts.

Key Policy Benchmarks

Four documents issued in the 1980s—one by the OECD/DAC and three by the Bank—have been the main sources of policy guidance on aid coordination; they offer a set of benchmarks for the assessment of the Bank's experience. Three overarching principles flow from these documents: (1) the purpose of aid coordination should be to integrate external assistance with the development priorities of the recipient country; (2) aid coordination should be primarily the recipient government's responsibility; and (3) both recipients and donors should adhere to strategic objectives and investment programs.

One or more of the four documents also refers to the need to strengthen the institutional capacity of recipient countries; to emphasize in-country aid coordination activities; and for collaboration between the Bank and the UNDP in support of the CG and RT processes.

Correspondence between these principles and the record of the Bank, other donors, and recipient countries over the last decade has been mixed, particularly for the central tenets of recipient government responsibility and participant discipline. It is also clear that the following two Bank operational recommendations have not been implemented (World Bank 1984 and 1989b):

- Establish a focal point within the Bank for monitoring and overseeing the CG process.
- Promulgate a strategy for transferring leadership for aid coordination to recipient governments.
Determinants of Effective Country-Led Aid Coordination

Characteristics of the Recipient Country
The literature identifies two key elements of a country’s development enabling environment: policy performance and institutional quality. Two closely related variables are country commitment (ownership of sound development priorities and policies) and the institutional capacity to manage and coordinate aid (a subset of institutional quality). Experience suggests that these two variables may relate to aid coordination arrangements and to development effectiveness. High institutional capacity and a firm country commitment are likely to be associated with country-driven arrangements that should promote greater development effectiveness than would occur under more donor-driven arrangements. Conversely, the weaker the country commitment and institutional capacity, the more likely it will be that donors will insist on donor-driven aid coordination arrangements in the interests of development effectiveness. The hypothesized relationships are illustrated in figure 2.1.

Where capacity is high, but commitment is low, the matrix implies that donors will be intensely engaged with the government in order to minimize the potential for misallocation of resources in countries in which policy commitment is flagging or lacking. This arrangement is referred to as joint sponsorship. Another intermediate case is the reverse: high commitment, but low capacity. Country-driven coordination is possible under these conditions, but strengthening of institutional capacity should accompany it. Institutional capacity includes organizational capability and the rules and incentive structures that affect individual and institutional performance in policy formation, implementation, and the allocation of resources.

Development Assistance Characteristics
How can a country move to the country-driven quadrant? Depending on the current quadrant, the answer may be to strengthen country commitment, strengthen capacity, or do both. But the characteristics of donors and international agencies also have a bearing on the relative ease or difficulty of moving to effective country-led aid coordination. Figure 2.2 illustrates the influence of development assistance characteristics.
When donors and agencies have a high development orientation and are relatively few in number, the conditions for achieving country-led aid coordination are favorable. As the number of donors (and projects) increases, however, the environment for aid coordination becomes more challenging. Moreover, as non-development motives for providing aid—such as the commercial interests of donors—become dominant, effective country-led coordination becomes problematic. While the end of the Cold War has reduced the dominance of the ideological motive for providing aid, geopolitical considerations are still at work.5

**Mutual Responsibility and Distinct Accountabilities under Country Leadership**

Effective aid coordination involves a process leading to agreement by the recipient country, donors, and international agencies that all partners will accept mutual responsibility for achieving development outcomes. Each set of partners—country, donors, and agencies—also accepts distinct accountabilities. The accountabilities for the country include a commitment to develop sound policies and effective institutions. Those for the donors include adopting a development orientation, achieving coherence with country development priorities and selectivity along lines of comparative advantage (thus addressing the “numbers” issue), harmonizing procedures so as to reduce aid delivery transaction costs, providing effective assistance in capacity building in order to create a level playing field for all partners, and supporting country-led efforts to achieve these objectives.6
Chapter 3
Stakeholder Views and Related Findings

This chapter synthesizes the views of 133 respondents to a survey completed by Bank staff, government officials, and local donor representatives. The survey included multiple-choice questions, which asked for a rating from 1 to 5 (lowest to highest). These questions were supplemented by narrative questions. The findings of other components of the review, including two workshops, three country visits, and reviews of the literature and statistical data sources, are also woven into the discussion. The material is organized by the five evaluation criteria: relevance, efficacy, efficiency, sustainability, and institutional development. (Survey methods and other data sources are discussed in more detail in Annex 2.)

Relevance: Broadening Commitment, Participation, and Agendas

The survey asked respondents to assess the relevance of aid coordination activities with regard to four widely accepted development goals. As figure 3.1 illustrates, poverty reduction consistently rated higher than the other goals.

Three factors have a potential bearing on the relevance of aid coordination efforts: (1) the commitment and role of the recipient government; (2) the extent of participation by country stakeholders; and (3) the agendas and venues for aid coordination fora.

Commitment and Role of the Recipient Government

As suggested in Chapter 1, the role of the recipient government in aid coordination has expanded substantially since the first consortium—recipients now see a major role for themselves. Participants in the February 1999 workshop unanimously subscribed to the proposition that their governments should be seen as "managers of aid rather than recipients." A strong government commitment to a lead role can also be inferred from figures 3.2 and 3.3, which depict the views of survey respondents on the role of the recipients in aid coordination—both in general and with respect to in-country coordination.

The Bank’s Experience

In contrast to the views of government and local donors, Bank staff survey respondents were, on average, neutral about the extent to which government should assume responsibility (see figure 3.2). However, among respondents who were neutral or negative about government assumption of responsibility, figure 3.2 indicates that government preference for the Bank to play a leading role and lack of government capacity were selected as relatively important reasons for their view. As figure 3.3 indicates, Bank staff and local donor representatives were also ambivalent about whether an active recipient role is a prerequisite for in-country aid coordination efforts, or even whether government should always chair in-country coordination meetings. Between half and two-thirds of these respondents indicated neutral-to-negative ratings on these questions.

Several governments have participated actively in recent years in convening and chairing local meetings, set-
Figure 3.2: Role of Partner Government in Aid Coordination

Extent government should assume responsibility

Reasons for Disagreeing

Government preference for Bank to organize
Lack of government capacity to organize
Donors likelihood to respond to Bank invitation
Bank reluctance to relinquish

1.00 2.00 3.00 4.00 5.00
Not important Very important

Figure 3.3: In-Country Aid Coordination

Active government role a prerequisite
Bank should encourage government to convene meetings
Government should always chair meetings
Major donor should chair or co-chair meetings

1.00 2.00 3.00 4.00 5.00
Strongly disagree Strongly agree

Figure 3.4: Effectiveness of Bank Coordination Support

Skills of chairperson
Coordination with government
Responsiveness to donors
Usefulness & timeliness of documents
Pre-meeting consultations with civil society

1.00 2.00 3.00 4.00 5.00
Very ineffective Very effective

The drive to partnership: aid coordination and the World Bank

ting the agendas, and preparing for the annual or biannual apex CG meeting (whether held within or outside the country). They are also participating more intensively in carrying out the preparatory analytical work that contributes directly and indirectly to aid coordination. Among the countries where signs of such participation have appeared are Bolivia, Ethiopia, Ghana, Tanzania, Uganda, and Vietnam. The Bank has played a supportive role in these cases. In other countries, however, much of the initiative and preparation for the CG process still rests with the Bank, which also remains the sole convener and chair of most CG meetings.

Although these developments demonstrate that progress has been made, the Bank still tends to be seen as dominating the aid coordination process, and a number of donors and recipient countries continue to welcome the Bank’s role. As shown in figure 3.4, survey respondents rated the Bank relatively highly on the effectiveness of its coordination with the government in preparing and conducting the most recent aid coordination meeting. At the same time, donor representatives criticize CGs as excessively formalistic, marked by lengthy “set speeches” and posturing, rather than genuine dialogue.

Breadth of Stakeholder Participation

The participation of nongovernmental stakeholders—civil society and the private sector—in aid coordination processes has been the subject of increased attention and debate. Of the myriad entities within civil society, NGOs have been the focus of the most attention. In addition to providing services for development and humanitarian work at the grassroots level, many NGOs can—and do—engage in advocacy with governments and donors on matters affecting their interests. Private sector participation in aid coordination generally occurs through intermediary organizations that represent private sector interests, such as chambers of commerce and industry and other business associations.

Nongovernmental stakeholders are participating in aid coordination in some form in a number of countries, but the extent and the nature of their participation are in a flux. In most cases they participate on the margins of formal aid coordination activity, largely before and after CG meetings. In some countries, the involvement of nongovernment entities in aid coordination, particularly in CG meetings, is controversial and not fully accepted. A continuing issue is the difficulty of selecting a few representative spokespersons, especially in view of the great diversity within civil society.
Differences among groups of aid coordination participants about the relative importance of aid coordination objectives reveal ambivalence over the role of nongovernmental sectors. Figure 3.5 suggests that engaging these sectors is a more important objective for the local donors who responded to the questionnaire than it is for either Bank staff or government respondents. The differences between government and donor responses are apparent in their frequency distributions. While about half of donor representatives thought engagement of these sectors was important or very important, less than 20 percent thought it unimportant. Government respondents were about equally divided in viewing this objective as important or unimportant.4

After considerable debate, most government participants in the February 1999 workshop came to the following conclusions about involving civil society in aid coordination:

- In spite of differences in the relative size, composition, and traditions of civil society in different countries, governments should be encouraged to experiment with a variety of means of involving civil society in priority setting and aid coordination.
- Involving civil society in the process involves both risks and opportunities. Risks include the potential for international manipulation and the effect of prolonged consultations on the timeliness of decisionmaking and implementation. Opportunities include consensus building that creates societal support for needed reforms, strengthened commitment to implementation, and increased transparency.
- Donor engagement with local civil society should occur with the concurrence, presence, and participation of government (both politicians and civil servants), and not independently of it.

The Bank’s Experience

The Bank has given substantially more attention to cooperation with civil society (particularly NGOs) and the private sector in recent years, but is still in a tentative, experimental mode when it comes to actively seeking their increased involvement in aid coordination processes. This was clearly the case in the three countries visited for the review. Consistent with this finding, the results of the questionnaire surveys indicate that respondents rate the Bank’s effectiveness in pre-meeting consultations with civil society lowest among five aspects of the Bank’s support for aid coordination (see figure 3.4). About 70 percent of each of the three respondent groups rated the Bank’s effectiveness in this respect as nil or ineffective. One reason for this may be that in a number of countries, the government’s attitude is ambivalent, if not indifferent, toward civil society.

Ambivalence toward engaging civil society and the private sector in aid coordination processes was most evident in three CDF pilot countries: Ethiopia, Ghana, and Vietnam. Views on this issue, elicited from representatives of these sectors and from government and donor officials in each country, are summarized in box 3.1.

<table>
<thead>
<tr>
<th>Box 3.1 Civil Society and Private Sector Participation in Three CDF Pilot Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>In view of the resources they bring, international NGOs (INGOs) are generally accepted as donors by recipient governments, although grudgingly or with suspicion in some instances. When it occurs, INGO participation in aid coordination mechanisms tends to be greater at the local and implementation levels, rather than at the planning and national levels. With two exceptions—an INGO-selected observer at the last four CGs and a private sector observer at the most recent CG—full CGs have been closed to NGOs. Civil society and the private sector are invited to in-country, “mid-term CGs” in one country. National NGOs (NNGOs) tend to be fragile and their relationships with government problematic, particularly if they are engaged in advocacy.</td>
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In each country, civil society and the private sector have major concerns about the governance environment.
Figure 3.5: Objectives of Aid Coordination

![Figure 3.5: Objectives of Aid Coordination](image)

**Agendas and Venues**

As noted, the focus of early aid coordination fora on aid mobilization has broadened. It now includes harmonizing donor policies and practices; negotiating economic policy reforms at the macro and sectoral levels; and, more recently, dialogue on a wide range of development-related issues. As shown in figure 3.5, however, participants are less than unanimous regarding aid coordination objectives and agendas. While reaching a consensus on development strategy and reviewing economic performance are consistently ranked high, there are sharp differences among respondents with respect to other objectives. Donors rank resource mobilization lowest, but governments rank it highest. Donors rank governance first, but it is among the less important objectives for governments. Bank respondents ranked both objectives in the middle, after consensus on development strategy and review of economic performance.

A recent Bank paper envisions apex-level aid coordination meetings, such as CGs, being convened and chaired by the recipient country, which has made the question of venue for such meetings a significant issue (World Bank 1998e: 2). While most CG meetings chaired by the World Bank are still held in donor capitals—the majority in Paris—16 CGs were held in the borrower country from 1996 through 1999.

Views among participants on this issue vary widely, although on balance they favor at least some shift toward an in-country venue. Figure 3.6 shows how survey respondents ranked the potential advantages and disadvantages of holding in-country CG meetings. In almost every case, they emphasized the advantages of an in-country venue over the disadvantages. All three groups of respondents see the strengthening of government commitment and ownership as a main advantage of in-country CGs, but greater public scrutiny and collaboration with civil society and the private sector are also ranked relatively high. These meetings do tend to be heavily attended by government officials. For example, more than 100 officials attended the 1997 Aid Group Meeting in Bangladesh, and a high-level 70-member delegation accompanied the President of Tanzania in opening the 1997 in-country CG meeting.

These potential advantages of in-country meetings were reinforced in interviews with representatives of government, donors, and civil society during country visits. Box 3.2 summarizes several other advantages and disadvantages noted in the survey responses, workshops, and country visits. Reflecting these considerations, several Bank staff and other donor representatives favored alternating CG meetings between Paris (or some other donor country city) and the recipient country. Some countries (Indonesia, for example) have initiated this practice. Government participants at the February 1999 workshop cautioned against the simple
conclusion that holding aid coordination meetings either inside or outside the country is inherently desirable. Progress toward strengthening government ownership of the coordination process, however, could lead to more in-country CG meetings.

**Efficacy: Assertiveness Is Not Effectiveness**

**Poverty Reduction and Other Impacts**

The ultimate test of the efficacy of any aid instrument, including aid coordination, is the results it produces on the ground. Clearly it is difficult to attribute development results to aid coordination when there are so many other potential intervening influences. But this difficulty does not diminish the importance of the attribution question. Survey respondents answered questions on the impact of aid coordination as it relates to the broad development goals discussed earlier (see the section entitled Relevance: Broadening Commitment, Participation, and Agendas). The results shown in figure 3.7 are somewhat similar to those for relevance (see figure 3.1), in that poverty reduction received the highest average score among the three groups of respondents. The differences among the four goals, however, are not as clear-cut as they were for relevance. Furthermore, the average scores, while generally above the mid-point, are in most cases less than they were for relevance. More revealing is the distribution of responses by score. Figure 3.8 shows that even for the poverty-reduction goal, about half of the responses from the Bank and government, and three-quarters of responses from local donors, rated the impact of aid coordination activities as neutral or—as in the case of one government and 11 donor responses—negative.

**Outcomes**

Outcomes are the enabling conditions for achieving development impacts. The results shown in figure 3.9 indicate that survey respondents assessed aid coordination as having a positive effect on outcomes related to policy reform and resource mobilization. Influence on institutional capacity was seen by governments as less, and by
Figure 3.8: Impact of Poverty Reduction for Aid Coordination

Frequency distribution (percent)

<table>
<thead>
<tr>
<th>Score</th>
<th>Staff</th>
<th>Government</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>■</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>□</td>
<td></td>
<td></td>
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<td>3</td>
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<tr>
<td>4</td>
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<td></td>
<td>□</td>
</tr>
<tr>
<td>5</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

Averages: Staff - 3.52; Government - 3.53; Donors - 3.06

Bank staff as much less, than on policy reform and resource mobilization. The distribution of scores demonstrates that while about a third of government responses indicated no influence or negative influence on institutional capacity, almost half of local donor respondents and over 80 percent of Bank staff responses were in this category. 7

Outputs

While it may be difficult to trace the effect of aid coordination efforts at the impact, and even at the outcome, levels, results at the output level should be clear. These outputs can be viewed in effects on the amount of aid and the strategies, policies, procedures, and practices of donors. Figure 3.10 presents the results from a series of questions about the ability of aid coordination to focus the attention of donors on development priorities and to maintain adequate aid volume. Views diverged more sharply for questions regarding the ability of aid coordination to produce more coherent donor support for national development priorities, with government responses slightly negative on average. Respondents were very close to neutral in their views of the effect of aid coordination on selectivity—that is, on the pursuit of comparative advantage by donors.

Box 3.2: Additional Advantages and Disadvantages of In-Country CGs

Advantages:
- Broader participation by the recipient government—line ministries and local government.
- Affords donor headquarters officials a first-hand view of the partner country.
- Greater transparency for recipient country nationals.

Disadvantages:
- A shift to the recipient country could lead to a downgrading of the level of donor representation at CGs. But all those interviewed in country visits, including local donor representatives, either did not think that donor representation would be downgraded, or were not concerned by the prospect.
- Government officials have been known to express a preference for meeting outside the country, owing to the sensitivity of CG issues.
- Donor representatives might be less objective in their decisions in an in-country setting.
- Paris is a desirable venue because of its central location in Europe, and the Bank’s facilities there were expressly designed to accommodate CG meetings.
As shown in figure 3.10, with respect to harmonizing donor procedures and practices, all three groups of respondents were, on average, moderately negative in their assessment of the effect of aid coordination. The distribution of scores indicates that 42 percent of all respondents rated the effect of aid coordination on donor procedures and practices as negative or very negative. There was little variation among the three groups of respondents here—Bank responses were slightly above the overall average, and government responses slightly below. Fifteen of 20 responses from government were neutral to negative on this issue, and participants in the February workshop singled out harmonization of donor policies and procedures as the first thing donors should do to improve aid coordination.

These results are generally consistent with findings from other data sources. Greater coherence is claimed as a result of aid coordination efforts, but there is little systematic evidence to support the claims. It is seldom asserted that selectivity in comparative advantage is being tackled by aid coordination groups—even at the sectoral level. Unfortunately, the more common situation in countries that depend heavily on aid is what might be characterized as the *aid-bombardment* syndrome.

The Aid-Bombardment Syndrome
This syndrome (an unintended consequence of poor aid coordination) is apparent in countries where the sheer volume of resources and numbers of donors, activities, and complex and inconsistent procedural requirements overwhelm the government's capacity to plan, budget, manage, monitor, and evaluate. Countries that have experienced aid bombardment include Kenya and Zambia in the mid-1980s, which had about 600 projects supported by 60-70 donors. Similarly, Tanzania in the early 1990s had more than 2,000 projects supported by some 40 donors (van de Walle and Johnston 1996: 49).

OECD/DAC data on donor funding commitments illustrate the problem in a larger group of countries. Annual commitments to 25 low-income, aid-dependent countries averaged close to 400 per country between 1994 and 1996. The results of another DAC exercise suggest, but probably underestimate, the magnitude of the problem by sector (OECD/DAC 1999b). The data reveal that ten of the poorest and most aid-dependent countries had, on average, more than eight active official donors in the education and health sectors alone. Mozambique was in the top of all three sectors, with 19 reported donors in education, 16 in health, and 14 in agriculture. Tanzania and Ethiopia followed with 14 donors each in health; 14 in education for Tanzania, and 13 for Ethiopia.

Wasteful Competition—the Costs of Poor Aid Coordination
The literature is replete with descriptions of donors who compete with each other for scarce host country talent to design and implement their own projects. These projects are carried out on an ad hoc basis in so-called Project Implementation or Management Units (PIUs/PMUs). These units are separate from the line ministries that have the mandate—but lack the capacity—to do the job. They often drain government capacity and bring in highly paid expatriate consultants to fill technical and managerial positions. In these circumstances, poor aid coordination tends to weaken institutional capacity and reduce development effectiveness (see box 3.3).
Box 3.3 The Impact of Stand-Alone Projects on Institutional Capacity in Africa

Reliance on independent local structures can destroy local institutional capacity. Because many routine ministerial functions have devolved to various projects, the central administration is starved of attention and resources and given over entirely to patronage and rent-seeking, with predictable effects on morale and institutional capabilities. The projects often hire the government’s most qualified or the most ambitious staff. Situations of considerable disparity develop between the parts of the state apparatus that have adequate resources from aid support and the parts that cannot perform basic functions for want of resources. In the long run, the decay of parts of the central administration becomes a self-fulfilling prophecy, because they have never gained the experience in implementation necessary to improve performance.

Source: van de Walle and Johnston 1996: 67-68.

Figure 3.11: Integration of Aid Resources

Survey questionnaires asked respondents to indicate the prevalence of stand-alone projects in the country, as well as the extent and effectiveness with which this issue was treated in aid coordination meetings. While respondents perceived this approach as only moderately prevalent, they rated as “ineffective” the attempts of aid coordination fora to address the problem (figure 3.11). About one-third of government and one-half of Bank staff management and other donor respondents rated aid coordination as ineffective to very ineffective on this issue.

Poor aid coordination can add substantial costs to the delivery of aid for both recipient and donors, but the burden on a low-income country can be particularly heavy. In a setting with multiple donors and a country with fragile institutional capacity, poor coordination can impose a significant burden on the government. This burden is an accumulation of factors, including onerous reporting requirements, each with its own detailed specifications, and numerous, uncoordinated visiting missions. For example, in one country visited during this review, each of the two largest donors sends from 20 to 30 visiting missions each month to the country for strategy formulation, operations design and appraisal, supervision, or evaluation. Available evidence, while not systematic, indicates that the Bank is not immune from imposing such burdens. Box 3.4 suggests the magnitude of the problem in Africa.

It is well-known that donors reduce the value of aid by requiring donor-financed goods and services to be purchased from the donor country. This practice, known as tying, is estimated to reduce the value of such aid by about 25 percent (World Bank 1998a: 6). If aid coordination efforts could significantly reduce tying, they would clearly be cost-effective.
A recent evaluation concluded that the Special Program of Assistance for Africa (SPA) had made the most progress in harmonizing donor procedures to untie and streamline procurement practices for import support aid programs, but that "procedural difficulties" remained (World Bank 1998h: 8). The OECD/DAC has spent decades attempting to reach an agreement among its members on untying, but progress remains elusive.\textsuperscript{12}

The Sector Program Approach—Good Practice in Aid Coordination?

Some sector program approaches (SPs) supported by the Bank and other donors are taking incremental steps in the direction of more effective aid coordination, but few of these efforts have fully realized their potential benefits. Analysis and experience indicate that to be successfully implemented, SPs require two main preconditions: a stable macroeconomic environment and a comprehensive budget process that adheres to a sound mid-term expenditure framework (Jones 1997, 1999). Other preconditions considered to be important prerequisites for effective sector approaches include:

- An approach that is truly sectorwide in nature, covering all relevant public expenditure and policies.
- A clearly articulated sector strategy, accepted by all participants
- An agreement among all main donors to participate
- Transparent sharing of relevant information by all participants
- Implementation arrangements made in common by all donors to the extent possible
- Minimization of long-term technical assistance
- Acceptance by partners of joint accountability for program success
- The willingness of donors to co-finance the program by contributing to a common budget.\textsuperscript{13}

\begin{center}
\textbf{Box 3.5 Approaches to Aid Coordination in the Health Sector in Mozambique}
\end{center}

A recent analysis of aid coordination in the health sector in Mozambique suggests several factors that affect its contribution to effective development. (Pavignani and Durão 1997). The analysis found that incremental approaches, where objectives are set lower at the beginning and progressively raised as the system is strengthened, have been crucial to progress. It also concluded that critical factors have included widely shared information, committed leadership, frankness, risk-taking, and a long-term perspective.

\begin{center}
\textbf{Box 3.6 Do Sector Programs Result in Donor Concentration?}
\end{center}

Some concentration might be expected in Ghana, where sector groups have been active in agriculture, education, health, and transportation (roads) for at least a decade. However, OECD/DAC data reveal a mixed picture:

- Donor numbers reported in each sector expanded sharply from the mid-1980s to the early 1990s, but so did aid committed.
- In the 1990s the number of donors declined slightly in agriculture and health, but aid fell much more steeply, while the number of donors increased from 15 to 19 in education, which experienced a decline in commitments of about 50 percent.
- Only transportation shows an unambiguous increase in donor concentration, with donor numbers declining from 15 to 13, while aid continued to grow.
- Overall, the average number of sectors per donor in Ghana increased from 20 to 27 from 1984–86 to 1994–96.
- Findings from a forthcoming OED Tanzania Country Assistance Evaluation find a similar diffusion and lack of donor concentration over the most recent decade.
- While other factors undoubtedly affect the number of donors, it seems reasonable to expect that sector program efforts to achieve greater coherence and selectivity will lead to greater concentration.
Box 3.7 Ethiopia ESDP: Achievements and Issues

A recent review of the preparation phase of the Ethiopia Education Sector Development Program (ESDP) comes to the following conclusions.

**Positive Achievements:**
- The Government of Ethiopia (GOE) has demonstrated strong and determined ownership and commitment.
- A decentralized approach has been employed that is responsive to the Regions.
- Stronger GOE planning capacity has been built through “learning by doing.”
- A high degree of coordination among donors has been created by GOE insistence on joint missions.
- The entire sector was covered.
- Good analysis was conducted of procedures and harmonization issues.

**Unresolved Issues:**
- There was little policy dialogue between GOE and donors, with the exception of the Bank, in earlier phases.
- Differences in donor procedural and documentation requirements delayed some donor participation.
- Donor concern about weak financial management procedures delayed funding or resulted in the use of different GOE funding channels, which made it difficult to set up accountability systems.
- There were widely differing perceptions of capacity needs, with sharp disagreements over technical assistance (TA) needs and modalities.

| Source: Martin and others 1999: 39-42. |

Taken together, these are stringent conditions to satisfy. The last item, in particular, contributions to a common budget, has been realized in only a few instances. Health SPs in Bangladesh, Ethiopia, Ghana, and Mozambique include this feature, but all donors do not contribute through the common fund. A key factor in the Ghana experience is the investment that donors made over a period of several years to strengthen the financial management systems of the Ministry of Health. This helped build donor trust in the ministry and was a key prerequisite for obtaining donor agreement (Peters and Chao 1997: 184–85). Even in this case, however, only one-third of all donor resources for the health sector flow through the common fund, and no donor provides completely unearmarked resources. The intensive Sector Development Program (SDP) efforts in education and health in Ethiopia are noteworthy for the unusually high degree of country commitment in their design. Implementation is proving to be difficult, however, with donor concerns about financial management capacity surfacing as a key obstacle to contributions to the sectorwide budget, particularly in the form of unearmarked funds (see box 3.7).

There is potential for tension between the sector program approach, which presumes a degree of central planning, and government decentralization. Decentralization could adversely affect aid coordination and development effectiveness if each donor had to deal independently with a different local jurisdiction in a decentralized environment. Another potential weakness is that SPs might exclude other development actors, such as NGOs, which may be quite active in a given sector and be able to contribute significantly to both the design process and implementation. Experience to date indicates relatively widespread involvement of these organizations at the implementation stage, but much less at the design stage.

**Aid Coordination Effectiveness and Aid Volume**

As illustrated in figure 3.10, government respondents viewed aid coordination as having a modest influence on aid volume at the country level, while local donor representatives saw it as having a neutral influence. Figure 3.5 suggests that resource mobilization is the highest priority objective of aid coordination for governments; for donors, such objectives as governance and economic performance rank higher in importance. However, several survey responses from donor headquarters note little connection between more effective aid coordination and higher global ODA levels. If such a connection existed, it could send a message from donors that would reinforce decisions by recipient governments to institute the politically
difficult reforms that might be needed to strengthen capacity.\textsuperscript{14} For example, strengthening the coordination role of a finance ministry could meet strong resistance from politically powerful line ministries. Ministers may resist giving up control over resources, particularly where their control is linked to corruption (Disch 1999:3).

The Bank as Donor-Partner
As suggested by the survey results shown in figure 3.4, with the exception of pre-meeting consultations with civil society, the three groups of respondents ranked the Bank's support for aid coordination as relatively effective. Bank respondents, however, rated this support consistently higher than did government officials or local donor representatives.

Several donors who responded to the survey noted Bank-UNDP tensions. Some ascribe these tensions to a lack of clarity in their roles in aid coordination. Three agreements between the two institutions between 1986 and 1996 have sought to clarify these roles. The 1996 agreement states that the country's preferences are to be respected with regard to choice of consultative arrangement, and that "neither the CG, the RT, nor other coordination mechanism should be regarded a priori as the preferred mechanism." Furthermore, if a government indicates that it wishes to change from a CG to an RT or vice versa, the Bank, UNDP, and the government will consult on the request at an early stage.\textsuperscript{15}

Despite this attempt to spell out an orderly process, actual experience has been uneven. Some transitions have occurred with mutual agreement. For example, after initial UNDP aid coordination leadership, Vietnam became a CG country. The government and the resident representatives of both the Bank and the UNDP recognized that a CG was more appropriate than an RT, in view of the major capital financing requirements projected for the country.\textsuperscript{16}

\begin{table}
\centering
\begin{tabular}{|l|l|l|}
\hline
\textbf{Figure 3.12: Relative Benefits and Costs of Aid Coordination} \\
\end{tabular}
\begin{tabular}{|l|l|}
\hline
\textbf{Costs to donors} & \textbf{Benefits to recipients} \\
\hline
\hline
\textbf{High} & • Untying for projects \\
& • Untying for import aid \\
& • Unearmarked contributions to Common Fund \\
& • Common procurement and disbursement procedures \\
\hline
\textbf{Low} & • Better information exchange \\
\hline
\textbf{High} & • Increased selectivity (comparative advantage) \\
& • Earmarked Common Fund contributions \\
& • Common reporting procedures \\
& • Increased coherence with country priorities \\
& • Common budget cycles \\
\hline
\end{tabular}
\end{table}
However, there are other cases where interest expressed by the government for a change of aid coordination mechanisms has led to misunderstandings and tension between the Bank and the UNDP.

An example of positive collaboration has been coordination of this review with a parallel evaluation of the Round Table mechanism conducted by the UNDP. There have been periodic consultations and a joint survey of other donor agencies. The two reviews and OECD/DAC experience formed the basis for discussion by the Development Partnership Forum at the OECD, December 6–8, 1999.

When donors and recipients were asked in the survey questionnaire to identify the three main weaknesses of the Bank's role in aid coordination, by far the most common criticism was a perception, particularly by local donor representatives, of arrogance and insensitivity on the part of visiting Bank missions. Several also faulted the Bank's lack of transparency and timeliness in consultation and the sharing of relevant information. They also cited a lack of openness to their participation in processes that relate to more effective coordination (for example, the strategy-development process). One particularly damaging instance reported to an OED Country Assistance Evaluation (CAE) team occurred when a visiting Bank mission ignored policy agreements that had been reached between the government and other donor representatives, thereby setting back the policy reform process.

Efficiency: The Benefits and Costs of Aid Coordination

The potential benefits of improved aid coordination include more positive outcomes and longer-term development impacts. As suggested earlier, they could also lower the cost of delivering aid, which in effect would release more aid resources directly to development. Aid coordination activities themselves incur costs—for example, the costs of participants' time, publications, travel, meeting facilities, and the like.

While not trivial, the direct cost to the World Bank of providing aid coordination services is relatively small; a generous estimate is less than 3 percent of the Bank's Core Development Services budget, which totaled about US$900 million in FY95 (see Annex 3 for further discussion). As perceived by participants (particularly donors), however, the more important costs of aid coordination relate to measures associated with harmonizing procedures and bringing about greater integration of assistance. The benefits arise from the reduced burdens and increased value of aid that would flow to recipient countries from undertaking such measures. While few quantitative estimates of these costs and benefits are available, it is possible to give an indication of the relative significance of the various integration and harmonization efforts that have been attempted in aid coordination fora. Figure 3.12 lists costs to donors and benefits to recipients from low to high on the vertical and horizontal axes, respectively.

The placement of measures among and within the quadrants of figure 3.12 reflects a sense of their relative benefits and costs, as indicated by the information collected for this review. Their exact placement can, of course, be debated. It will also vary among some countries and sectors. The purpose of the exercise is to suggest that aid coordination entails certain costs and benefits that must be acknowledged.
Sustainability: From Information Sharing to Strategic Coordination

There are two aspects to the issue of sustainability and aid coordination: the sustainability of the aid coordination efforts themselves and whether and how effectively aid coordination fora deal with issues relating to the sustainability of development. A basic prerequisite for successful and sustained aid coordination at the sector level is open information sharing among partners. The visiting OED team heard complaints from government representatives about the difficulty of obtaining information on planned and ongoing donor activities. Donors complained about a lack of information on the government budget and accounts. Another complaint was that some aid coordination meetings were limited to information sharing. The concern was that the sustainability of these meetings would be problematic unless they progressed to strategic coordination and dealt with policy and program issues. Some suggested that there were more efficient ways of sharing information, such as the Internet.

A common issue in project assistance in many low-income countries has been the failure to adequately address the recurrent costs of projects. This typically has serious if not fatal consequences for sustainability. Survey questionnaires asked respondents to indicate the magnitude of the recurrent cost issue in their country of responsibility, as well as how well the issue was dealt with in aid coordination meetings. The results, shown in figure 3.13, indicate that while respondents perceived the recurrent costs issue as only moderately prevalent, they generally rated aid coordination meetings as ineffective in addressing the problem. Almost half of all respondents (and almost 60 percent of donor respondents) rated aid coordination as ineffective to very ineffective in dealing with this issue.

Institutional Development: Can Capacity Building Be Demand-Led?

The overall record of donor assistance to strengthen capacity for aid management and coordination has been mediocre, if not poor. The UNDP has critically evaluated its own extensive experience in providing assistance for capacity building in Africa. Capacity building was still a major issue in the countries visited for the OED review. Both donors and government complained of poor quality and supply-driven TA. The better experiences included bringing outstanding experts (with UNDP funding) to Vietnam for a series of short-term visits and the UNDP-funded National Execution (NEX) Program in Ethiopia, where the government has had the flexibility to identify experts and their country of origin.

The discussion of institutional capacity in Chapter 2 emphasized the need to unbundle, or separate, the concept into three major components: organizational capability, internal and external rules, and incentives. These components need to be examined separately. For example, merely providing training and technical assistance will not be effective if the real problem is inadequate or perverse rules and incentive structures (that is, non-transparent, not results-based).

The Bank's Experience

Three central Asian countries are among the few where the Bank has provided financial support explicitly to build aid coordination capacity. Three grants, each in the range of US$300,000, were made from the Institutional Development Fund (IDF), to be employed in establishing aid coordination units. The effort to establish a Kazak aid coordination unit, later supported by the UNDP, has been generally effective. It has a staff of 15–20 people, manages an annual aid inflow of about US$0.5 billion, and organizes monthly in-country aid coordination meetings chaired by the finance minister. To the extent that the Bank invites client countries to participate meaningfully in its analytical processes, such as economic and sector work (ESW) and Country Assistance Strategy (CAS) development, experience suggests that aid management and coordination capacity are bolstered.
At the 1996 Annual Meetings, the African Governors of the World Bank determined that the Bank and other donors had contributed to eroding capacity, especially through excessive use of long-term technical assistance; African governments and international donors do not pay enough attention to fostering effective institutions; and capacity problems diminish the performance of all sectors. They proposed a Partnership for Capacity Building in Africa (PACT), based on the following principles:

- Demand-driven, African-led and -owned solutions
- Capacity building that relies on consultation with a range of local stakeholders
- True partnership with Africa’s international development partners.

Box 3.8 Capacity Building in Sub-Saharan Africa

The Partnership for Capacity Building in Africa (PACT), initiated by the African Governors of the World Bank, is designed to enable learning from the lessons of past experience in the region. It is likely that the mixed record of capacity building efforts reported in box 3.8 stems in part from a failure to diagnose adequately the reasons for low institutional capacity, or a failure to take adequate measures in response to the diagnosis.

Bank Processes and Instruments

Country Assistance Strategies

Review of the two most recent sets of CAS documents for 15 selected countries (see Annex 4 for details) showed a modest trend toward sharper analysis of aid coordination issues. CASs appear to be increasingly linking development effectiveness to aid coordination and more clearly delineating the Bank’s comparative advantage and selectivity compared with other donors (CASs for Malawi, Nepal, Tanzania, and Yemen are cited in Annex 4 as containing elements of good practice). But most of the reviewed CASs remain weak in addressing country capacity for aid coordination and the efforts of donors to build such capacity. The CASs were weakest with respect to the efforts of donors to harmonize procedures. CASs that discussed the role of the resident mission in aid coordination unanimously judged it as a positive one, and many suggested that a stronger field presence with more authority would be an asset to the Bank’s overall partnership agenda.

Lending and Analytical Instruments

The Public Expenditure Review (PER) has become a major Bank-supported analytical instrument and touchstone for public policy dialogue between donors and recipient governments. But few PERs have reviewed the extent of integration of donor resources intended for the public sector into the government budget. Such integration is one litmus test for measuring the commitment of governments to managing and coordinating aid effectively.26

Bank-funded projects in Bangladesh, Ghana, Mozambique, Sierra Leone, Pakistan, Tanzania, Uganda, and Zambia have typically contributed to sector programs through Sector Investment Credits or Loans (SILs).27 As suggested in the earlier discussion of the SP (paragraphs 3.28–3.30), experience varies considerably among and within countries. This variation reflects varying economic and institutional environments, as well as differences in SP design and coverage.28 One key issue in this connection is whether the government really leads the SP or whether it is a blueprint designed and orchestrated by the Bank and/or other donors. Another issue is the degree of confidence donors have in the government’s financial management systems. Nonetheless, SP and related initiatives constitute important “learning labora-
Box 3.9 Tracking Support for Sector Programs

| In a recent initiative, the SPA Working Group on Economic Management established a Task Group to explore practical options for tracking support for SPs in Africa. The primary objectives are to accomplish the following: | • See if SPs deliver the benefits ascribed to them—that is, better predictability of donor commitments, higher flexibility, and greater ownership on the part of countries. |
| | • Monitor donor shifts toward SPs, in line with their stated objectives. | • Determine whether systematic tracking of SPs can provide an early warning that corrective action is needed. |
| | • Follow the evolution of implementation procedures under SPs. | • Try to establish best practice guidelines. |


...ories” that have been associated with more effective country-driven approaches to aid coordination in several cases.

Decentralization of Bank Operations

The decentralization of Bank operations is implicit in the placement of the country director in the field. Although this practice has been universally acclaimed in Ghana and Vietnam, a lack of delegated authority and inadequate field presence were noted in survey questionnaire responses by several local donors in countries where the Bank’s field office is still headed by a resident representative.29

Some observers suggest that pressures on donors to demonstrate results have made it more attractive to support projects, as opposed to sectors or programs. Immediate project outputs, such as miles of road constructed, for example, will be seen as more within the control of a single donor (van de Walle and Johnston 1996: 79). It has also been suggested that decentralization of donor operations and authority to the country level could lead to even greater preference for, or focus on, projects. This might lead to the conclusion that results-based management is incompatible with effective aid coordination. The problem in this case, however, is not results-based management, but rather that the results focus is at too low a level. The achievement of sustained results at higher levels—incomes and employment, health status, and the like—is more likely when development partners are working in concert, rather than independently.

Client and Staff Training and Development

A notable conclusion of the February 1999 workshop of senior government officials was that more attention needed to be given to the skills required to coordinate aid effectively. Participants noted that staff needed more training in the skills of negotiation, facilitation, communication, economic and social analysis, information technology, and diplomacy. Such skills must be developed to enable governments to design and carry out key economic and social studies and to analyze donor studies. Participants also suggested that aid coordination efforts would be more effective if donor staff had a better grounding in both the skill areas noted above and of the country where they propose to work.30 That more than half of Bank staff and local donor survey respondents were neutral or negative about an active government role in aid coordination suggests that there is a significant bias to be overcome.
Chapter 4
Country Context and Measuring Aid Coordination Quality

Case studies, country evaluations, interviews, and workshops generally validate the relationships depicted in figure 2.1—that countries with relatively high commitment and institutional capacity tend to have country-driven aid coordination arrangements, and countries weak in both categories tend to have donor-driven aid coordination arrangements.

Selected Country Experiences

The experience of Botswana clearly fits the matrix in figure 2.1. Both case study literature and ratings of institutional quality, policy performance, and the quality of aid coordination have consistently given it high marks—in effect, placing it in the “high-high” quadrant of the figure. Botswana also represents a case of strong country-driven aid coordination (box 4.1). While other countries in the “high-high” quadrant, such as Colombia and Thailand, have exited or graduated from CGs, Botswana, even when it was much poorer and aid-dependent, rejected any arrangement that might be construed as donor-driven. A 1984 Bank paper noted that given Botswana’s track record and its ability to stand by its own national priorities, donors appeared to make “every possible effort to harmonize their preferences with those of the country.”

Case study evidence for several other countries—Bangladesh, Ethiopia, Ghana, and Vietnam—suggests developments that have led (or should lead) to more effective aid coordination. The evidence includes recent OED Country Assistance Evaluations for Bangladesh and Ethiopia (World Bank 1998b, 1999d), as well as the OED missions to Ethiopia, Ghana, and Vietnam carried out for this review (see list of papers in the Bibliography).

But the experience of these countries also shows that country commitment, institutional capacity, the quality of aid coordination, and country leadership of aid coordination do not all progress smoothly together. Bangladesh represents one of the few reported instances in which donor efforts have resulted in greater coherence and selectivity (World Bank 1998b: 38). Yet the 1995 OED CAR for Bangladesh also cites serious institutional capacity problems, complaints about burdensome procedures required by donors, and weak borrower ownership and commitment (World Bank 1998b: 16, 22).

Box 4.1 Country-Led Aid Coordination: Botswana

Key features of the institutional framework that made for country-driven aid coordination in Botswana included the following:

- External aid resources were entirely integrated into the national public expenditure budget.
- The MFDP had effective budget planning, execution, monitoring, and accounting capacities, maintaining tight control over intersectoral allocations.
- MFDP staff were placed in line ministry planning units in order to integrate aid resources, but were also rotated to acquire government-wide experience.
- The MFDP and line ministries were known for being tough negotiators with donors, but once agreements were concluded, they were observed.
- The government insisted on its own procurement procedures, both for equipment and external consultants.
- Expatriate experts were placed into line positions in the government while nationals were being trained.
In the case of Ghana, the 1995 CAR was sharply critical of aid coordination processes (World Bank 1995: 64–68). The OED mission of April 1999, however, identified signs that these processes have become more effective (box 4.2).

**Measuring the Quality of Aid Coordination**

The characteristics of countries and donors directly affect countries' ability to assume leadership in aid management and coordination. Several of these characteristics or factors could be combined to constitute a measure or index of the quality of aid coordination. A paper prepared for the review identified eight such factors:

1. Government is in the center of the process.
2. Aid coordination is concerned with key development issues.
3. Good information is readily available on the development plans and activities of participants.
4. Donors provide focused, coherent support to the national development strategy.
5. Donors provide assistance efficiently, thus minimizing transaction costs.
6. Donors have confidence in the quality and transparency of the government’s financial management.
7. Donors contribute effectively to improving the government’s institutional capacity for aid management and coordination.
8. The concerns of civil society and the private sector are addressed in aid coordination processes and outcomes.

Key measurable indicators can be identified for each of these factors. For example, the degree of donor concentration by sector could be one indicator for factor 4 (focus and coherence of aid); the extent of harmonization of donor missions, for factor 5 (efficient aid); and timeliness and quality of audits, for factor 6 (donor confidence in government financial management). These and other indicators could be measured through surveys and other evidence. They would provide benchmarks for monitoring progress toward more effective aid coordination and partnership. Taken together, they would provide an index of aid coordination quality.

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**Box 4.2 The CG in Ghana: From Event to Process**

- Quarterly, in-country "mini-CG meetings," initiated in April 1998, are viewed as a useful complement to the biannual CG meeting.
- Building on almost a decade of capacity building in the health sector, the mini-CG recently endorsed 14 government-led, donor-supported Partner Groups.
- The first full CG meeting, held in Ghana in November 1999, was another step toward full country-led aid coordination.
Chapter 5
Conclusions and Recommendations

Main Findings and Conclusions

The review yields several broad findings based on the information gathered:

- World Bank–led aid coordination mechanisms and processes at the apex level (consortia and CGs) have expanded substantially over the last four decades. Agendas cover a wide gamut of development issues, with participation by approximately 60 recipient countries and 50 official donors.
- In the context of declining per capita aid disbursements for most countries, these efforts are seen by survey respondents as having helped to protect the level of resources mobilized for individual countries and to achieve a greater aid focus on development priorities.
- Governments and donors have long valued the Bank’s leadership by virtue of its competent staff, global experience, and the resources it brings to the table. But in spite of this record, and in spite of decades-old policies and pronouncements on the subject by the donor community, only recently have portents of fundamental change in the management of aid coordination at the country level been emerging in some countries.
- While governments are taking a more active role in aid coordination, particularly at the sector level, and many express a strong desire to manage the entire process, only a few former CG countries (for example, Korea, Malaysia, and Thailand) have fully assumed such a role.

The review identifies several overall constraints to country-managed aid coordination:

- Many countries lack the capacity—and some still lack the commitment—to assume a lead role.
- Donors find weak recipient financial management capacity a major impediment to taking on the costs and risks of the harmonization of procedures required to contribute flexible resources to sector development programs. Recipient governments, however, single out harmonization of donor policies and procedures as the first thing donors should do to improve aid coordination.
- There are few examples of aid coordination efforts that have led to greater donor selectivity (pursuit of comparative advantage), and years of donor debate have resulted in little action to reduce burdensome aid delivery transactions costs (such as those brought about by complex and divergent procedures), which would facilitate country leadership.
- Donor efforts to strengthen country aid management and coordination capacity have generally been expensive, supply-driven, and ultimately ineffective, and aid coordination activities are seen as having little or no positive effect on country capacity.
- Some donors see little or no connection between more effective aid coordination and higher global aid levels—a link that, if it existed, could send a message from donors to reinforce recipient governments in undertaking politically difficult reforms to strengthen capacity.
- Finally, if donors want recipient countries to assume aid coordination leadership, a survey result they should not ignore is that over half of Bank staff and local donor respondents were neutral to negative about the need for the recipient government to take the lead for in-country aid coordination.

The record of the World Bank in supporting a move to country-led aid coordination is mixed. The Bank’s influence is felt through its own operations and interactions with other donors. Actions contributing to country capacity, and generally eliciting positive reactions from governments and other donors, include:
• Promoting active country participation in planning and preparing for aid coordination-related efforts, such as ESW
• Support for sector development programs and donor harmonization in selected countries and through the SPA
• Strengthened resident missions with greater delegated authority
• Supporting an expansion of in-country aid coordination fora in some countries and, at least on an alternating basis, in-country CG meetings.

Offsetting these accomplishments are the following findings:
• Many local donor representatives still experience, and find counterproductive, arrogant attitudes and non-consultative behavior by Bank headquarters staff when they visit.
• Continuing use by the Bank and other donors of PIUs to manage aid-assisted projects has been counterproductive in building institutional capacity.
• Among agencies with whom the Bank shares aid coordination support roles, the closest parallel is with the UNDP. Despite examples of good practice in the field, however, donor respondents note tensions that need to be addressed.

The involvement of civil society and the private sector in aid coordination processes remains controversial. Most donors strongly favor greater involvement, while recipient governments manifest mixed views, ranging from cautiously positive to skeptical, or even antagonistic. To address this ambivalence, experimentation is warranted with alternative approaches to involving other stakeholders in different phases of aid coordination.

The overarching conclusions are that the development community has been well-served by the support for aid coordination provided by the World Bank, but that community has a long way to go to achieve its long-standing goal of country leadership of the process.

Recommendations
A Strategy for Country Leadership with Mutual Responsibility Among Partners for Development Outcomes and Distinct Accountabilities
Prospects for successful implementation of the principles of ownership and partnership embodied in the Comprehensive Development Framework can be enhanced if the Bank undertakes several concrete actions. These include measures in the policy, strategic, and operational realms, some at the global level and others at the country level. Effectiveness at both levels will require close consultation with other partners, including borrower countries. The Bank's chief role would be to support movement toward recipient country leadership in the management and coordination of aid resources and to promote the needed capacity building required to effectively exercise that leadership.

Bank Policy for Country-Led Partnership
Bank policy on aid coordination is contained Operational Directive 14.30 on "Aid Coordination Groups." This directive was issued in 1989 and does not reflect the major innovations of recent years, particularly the emphasis of the CDF on partnership, ownership, and results orientation, as well as the Bank's expanded presence in the field. New statements of Operational Policy (OP), updated Bank Procedures (BP), and examples of Good Practice (GP), aligned with the principles of the CDF and reflecting leading-edge thinking, would result in greater clarity and help staff adjust their roles accordingly.

To accomplish these objectives, the new Operational Policy would:
• Declare that country leadership of the management and coordination of aid resources is Bank policy.
CONCLUSIONS AND RECOMMENDATIONS

- Emphasize partnership and collaboration among governmental and nongovernmental actors at the country level.
- Use proven ability to collaborate with other partners as a criterion for the appointment and performance assessment of operations managers.
- Use Project Implementation Units (PIUs) only in exceptional circumstances or when there is no feasible alternative and commit to a monitorable phase-out plan.

Bank Procedures could include revised CAS guidelines that ask how the Bank will work with its partners to (i) increase the coherence, selectivity, and efficiency of donor support; (ii) build government capacity for aid management and coordination; and (iii) enhance participation of civil society and the private sector in aid coordination processes. The procedures could also emphasize the use of programmatic lending approaches and instruments, such as Sector Programs and Poverty Reduction Support Credits, that facilitate transfer of aid coordination leadership to recipient countries. For countries where a Poverty Reduction Strategy Paper (PRSP) is to be prepared, these elements could be incorporated in the PRSP.

The Good Practice statement would provide examples of strong country commitment; effective and efficient donor support, including support for capacity building; involvement of civil society and the private sector; partnership agreements that delineate mutual responsibility and distinct accountabilities; and the use of lending instruments that support country leadership.

Strategies for Country Leadership

Development results are achieved or not achieved at the country level. Therefore it is critical that the management and coordination of aid resources be effectively owned and led by the country. This process would be accelerated if each Bank country team or department that supported a CG (or similar mechanism) were to work with the government and other development partners to formulate a strategy explicitly intended to help the country move toward aid coordination leadership. Factors such as extent of institutional capacity, transparent processes and standards of accountability, and commitment to sound policies would need to be taken into account in developing an appropriate strategy and timeframe for each country (see Annex 1 for further discussion). Each strategy would demonstrate how the Bank and other partners would help the government:

1. Strengthen its aid management and coordination capacity.
2. Reach partnership agreements with donors that delineate mutual responsibility for development outcomes and the distinct accountabilities of each partner.
3. Design agreed coordination principles and procedures (such as adhering to country-led efforts to bring about greater coherence and selectivity in the application of aid resources).
4. Present a plan for carrying out joint monitoring and evaluation missions with donors in order to reduce barriers to country leadership and promote country assessment of donor performance.

This does not mean that the Bank would disengage itself from either the aid coordination process or from maintaining and strengthening its country programs. But by giving the country a chance to exert leadership, the Bank would be in a better position to focus on, and assist in the building of, long-term capacity, in line with CDF and OECD/DAC principles.

There are risks in implementing the recommended approach that would need to be managed. For example, CG meetings have provided the occasion for intimate and candid discussions between high-level donor and government officials. However, the experience of countries that have been moving to country-led processes shows that such opportunities need not be lost.
Global Engagement with Donors for Country-Led Partnership

Successful implementation of this report's recommendations will require consensus and collaboration among donors at the global level. A joint statement issued by the OECD/DAC, the UNDP, and the World Bank at the conclusion of the December 1999 Development Partnership Forum called for a "joint partnership group" to take stock of existing work, with a view to accelerating progress. The elements to receive attention included harmonization of donors' operational policies and procedures, capacity building for managing development resources by the recipient countries, joint monitoring and evaluation based on jointly agreed indicators of development progress, and improved information sharing on promising and innovative approaches to partnerships. While a new "joint partnership group" as such, has not been established, the ongoing Informal Group of Multilateral Secretariats, convened by the DAC chair, composed of the heads of main multilateral financial institutions, has decided to focus on several of these elements. The Bank continues to be an active participant in harmonization efforts among the major multilateral development banks (MDBs) and through the SPA. It has recently broadened the dialogue to include a much broader group of multilateral financial institutions and has established a close linkage with a newly formed OECD/DAC task force on harmonization of bilateral donor procedures. As part of these initiatives or in parallel with them, the Bank should pursue the following complementary efforts:

(1) Work closely with the U.N. system (in particular the UNDP); DAC members, including the EU; and the RDBs to establish a common understanding and commitment to building partnerships at the country level.

(2) In view of the central importance of capacity building to effective country leadership, the Bank should work with other partners with experience in this area to formulate a coordinated approach to capacity development.

(3) Continue to support harmonization of donor procedures and policies among MDBs and in the SPA, as well as closely coordinating with the new OECD/DAC harmonization task force.

Monitoring Progress

Monitoring is essential, both to report on progress and to identify constraints to achieving it. The Bank, working with its partners, should develop a limited number of indicators to benchmark and monitor progress toward country-led partnership.

Training and Development

The World Bank Institute (WBI), in consultation with Regions, should review training and development programs for staff and clients to ensure that they cover negotiation and facilitation skills; sensitivity training; and other knowledge and skills needed to foster effective partnerships.
Annex 1
Criteria for the Transfer of Leadership to Countries

In recent years, many donors, both bilateral and multilateral, have expressed a strong preference for developing countries to assume responsibility for their affairs. This is certainly the case with aid coordination at the local level. Prominent among the statements in this area are the 1986 OECD/DAC Guiding Principles for Aid Coordination with Developing Countries, which call for recipient governments to be “at the center of the process.” The Bank’s own OD 14.30, Aid Coordination Groups, issued in 1989, states unequivocally that “the responsibility for aid coordination rests primarily with the recipient government.” The more recent Bank paper on partnership (World Bank 1998e) reiterates this point, and the January 1999 CDF document expresses the Bank’s desire for the country to be in the “driver’s seat” (Wolfensohn 1999:9). A recent statement by the Ministers of Development in Germany, the Netherlands, Norway, and the United Kingdom reaffirms their governments’ desire to see the recipient governments in the “driver’s seat.” The results of the findings of the main report confirm that recipient governments want to play a major leadership role in aid coordination. Representatives of many of these governments subscribe to the proposition that the aid paradigm should be shifted from “recipients of aid” to “managers of aid.” Yet 40 years after the first consortium for India was convened, and 30 years after many of the CGs were established, only recently have portents of fundamental change in the management of aid coordination at the country level been emerging in a few countries. There are still very few developing countries in the proverbial “driver’s seat” of aid coordination vehicles. The time has come for a real change—rapid, but deliberate and finely executed. A logical and critical step in this direction is for the Bank, in consultation with other donors and affected countries, to give meaning to the concept of country responsibility. It should work with its development partners to implement measures for the transfer of the leadership role for CG meetings to the recipient governments. This is not to suggest that the Bank should disengage itself either from the aid coordination process or from maintaining and strengthening its country programs. By giving the country a chance to exert leadership in aid coordination, the Bank will be in a better position to sharpen its focus on, and assist in the building of, long-term country capacity, in concert with both CDF and OECD/DAC principles.

The Bank currently chairs CG meetings for about 60 countries over the course of 2 or 3 years. A number of these meetings relate to countries with relatively high aid dependency and weak institutions. But this group also includes countries where aid dependency is minimal and public sector management is experienced and functioning at a relatively high level of competence. In determining what criteria might be used to guide the timing of the transfer of leadership for CGs and other aid coordination fora to the recipients, one obvious possibility would be the lending classification of a country by the Bank—IBRD, Blend, or International Development Association (IDA). This classification provides a measure of the country’s per capita income, but not of its institutional strength. Country Policy and Institutional Assessment (CPIA) ratings constitute a potentially more relevant criterion for guiding the transfer process. When per capita income is compared with CPIA ratings, however, some anomalies are apparent. For example, Ethiopia, with a per capita income of $100, scores higher on the CPIA than countries with much higher per capita incomes, such as Bolivia, Romania, and Zimbabwe. Applying the criterion of public sector management, one of the components of the CPIA, as a measure of the country’s institutional strength also yields some anomalous ratings. For example, Egypt, with highly educated civil servants, scores lower on public sector management than Eritrea and Mauritania. Ethiopia scores as high as the Philippines, and both countries score highest among countries with CGs.
### Table A1.1 Groupings of CG Countries by Official Development Assistance (ODA) as Percentage of GNP

<table>
<thead>
<tr>
<th>Group</th>
<th>1998</th>
<th>1993–97</th>
<th>ODA group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>per capita (US$)</td>
<td>IBRD</td>
<td>Blend</td>
</tr>
<tr>
<td>Group 1</td>
<td>(1–2 years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td>4,520</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>430</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>680</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>300</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>1,050</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td>1,640</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>480</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Belize</td>
<td>2,610</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>El Salvador</td>
<td>1,850</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>330</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>1,290</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Macedonia</td>
<td>1,290</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>810</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>350</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Group 2</td>
<td>(3-5 years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td>850</td>
<td>X</td>
<td></td>
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<tr>
<td>Romania</td>
<td>1,390</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1,230</td>
<td>X</td>
<td></td>
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<tr>
<td>Moldova</td>
<td>410</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>490</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>350</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>890</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>610</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Honduras</td>
<td>730</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>350</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Kenya</td>
<td>330</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Albania</td>
<td>810</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Nepal</td>
<td>210</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Group 3</td>
<td>(5–10 years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>390</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Guinea</td>
<td>540</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Bolivia</td>
<td>1,000</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Côte d'Ivoire</td>
<td>700</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>530</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Madagascar</td>
<td>260</td>
<td>X</td>
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<tr>
<td>Cambodia</td>
<td>280</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>100</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Uganda</td>
<td>320</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Eritrea*</td>
<td>200</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Haiti</td>
<td>410</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>210</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Mongolia</td>
<td>400</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Guyana</td>
<td>770</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Mauritania</td>
<td>410</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
<td>200</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td>330</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Nicaragua</td>
<td>390</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Rwanda</td>
<td>230</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Mozambique</td>
<td>210</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Bosnia &amp; Herzegovina</td>
<td>n.a.</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>CGCED</td>
<td>n.a.</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>West Bank &amp; Gaza</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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a. Countries with Bank-led, apex-level CG meetings, development forums, donors' meetings, or investors' conferences.
b. Country with only one apex meeting, 1992-99.
c. Caribbean Group for Cooperation in Economic Development, organized and chaired by the World Bank, with 13 member countries, including Guyana and Haiti (Haiti has its own CG as well). During 1993-97 the ODA ratios of CGCED countries ranged from 24.9 and 21.4 percent for Guyana and Haiti, respectively (as shown in the table), to 0.4 percent for Trinidad and Tobago.
Another possible criterion is ODA as a percentage of GNP. Following this criterion, countries with currently active CGs and other Bank-led apex-level aid coordination meetings, such as development forums, donors’ meetings, and investors conferences, were classified into three groups (see table A1.1).

- **Group one** comprises countries with ODA of up to 4.9 percent of their GNP.
- **Group two** comprises countries with ODA of 5–9.9 percent of their GNP.
- **Group three** comprises countries with ODA of 10 percent or more of their GNP.

These groupings by ODA ratio represent an attempt to classify countries by their readiness for leadership transfer. This is a crude criterion, however, and it should be tempered by an in-depth analysis of commitment and capacity in each case.

**Group One:** This group comprises such consortia as those for India and Pakistan, which go back 40 years in aid coordination fora chaired by the Bank. The group as a whole scores relatively highly on public sector management and on overall CPIA ratings. Three of the countries in this group also have relatively high levels of GNP per capita, and in all cases ODA as a percentage of GNP is below 5 percent, and in three cases it is below 1 percent. There would appear to be no reason that transfer of leadership to the countries in this group could not occur as soon as possible, and certainly within a two-year period.

**Group Two:** This group is primarily composed of countries in transition from centrally planned economies and some long-standing aid coordination beneficiaries, such as Kenya and Nepal. In four of the countries in this group, ODA as a percentage of GNP is below 2 percent. In only three is it higher than 9 percent, but still below the ceiling of 10 percent for this group. A period no longer than five years is suggested for the transfer of leadership to the countries in this group.
Group Three: With one exception, countries in this group are IDA countries, and the majority are in Sub-Saharan Africa. They are characterized by the high aid-dependency syndrome—in some instances, ODA exceeds 50 percent of GNP. Surprisingly, the overall CPIA ratings for countries in this group are identical to those in group one, which may indicate that at least some countries in the group have the capacity to assume responsibility for aid group meetings. Transfer of responsibility for countries in this group would be completed within a 5-to-10 year period, although some countries, such as Bolivia, Ethiopia, Ghana, Tanzania, and Uganda, may wish to take on this responsibility much sooner.

The implication of the suggested approach is that by the end of the first decade of the twenty-first century, if not before, all formerly Bank-managed aid group meetings will be managed by the countries themselves. This will bring to conclusion approximately 50 years of constructive and fruitful efforts by the Bank to initiate, organize, convene, and chair aid group meetings. The Bank can take a great pride in its accomplishments over this period. Through the mechanisms of the aid group meetings, it has helped to bring many bilateral donors into the aid coordination process and to mobilize vast amounts of aid money. In the process, it has assisted many countries in establishing the capacity to prioritize their national goals, strengthen government institutions, and introduce proper procurement and accounting practices, to mention but a few achievements. The Bank has also given impetus to the private sector, both local and international, as a critical partner in the development process. Finally, it has put some rather controversial issues, such as gender, environment, governance, and corruption, on both national and international agendas, where the debate on these matters will most likely intensify in the years to come. But it is also the time for the Bank to demonstrate its commitment to the notion that ultimate responsibility for the country’s affairs rests with the country itself. It is a critical step toward enhancing ownership, building national capacity, and emphasizing the principle of joint accountability.

In order to assist the recipient government in assuming sole responsibility for aid coordination, an adequate enabling environment must prevail. This means:

- A flexible technical assistance mechanism should be created to support the government’s efforts to identify needs and sources of training and expertise for aid coordination. Since both the Bank and the UNDP are involved in supporting aid coordination mechanisms in different countries, it would be helpful if the two institutions would harmonize their activities by jointly developing a strategy to help individual countries build their capacities for aid coordination. Two case studies on technical assistance provided to countries to build aid management institutions, one in Kazakhstan, provided by the Bank, and the other one in Vietnam, provided by the UNDP, showed considerable similarity in the design of the assistance and in the final outcomes (see box A1.1). One option would be to combine a portion of the Institutional Development Fund with similar funding from the UNDP.

- Aid coordination fora, particularly CGs, should place on their agendas a review of aid coordination at the local level, which is the most critical aspect of aid coordination. The CGs and the RTs were never meant to be a substitute for local capacity. The weakness of many apex aid fora is the absence of local capacity for follow-up on the ground. The purpose of the review will be to look into the strengths and weaknesses of local aid coordination and measures needed, or technical assistance required, to enhance the government’s capacity to coordinate aid more effectively.

- In countries where the Bank will be phasing out its role as chair of the CG, consideration should be given to placing a Bank staff member in a central ministry, such as the ministry of finance, for up to one year to assist the government during the leadership transfer and to ensure continuity of the process.
Annex 2

Notes on Methods and Sources

Literature Review and Staff Interviews

The Bibliography includes external and internal literature reviewed and Annex 6 presents a list of Bank staff interviewed. The findings from these sources are reported in more detail in the "Phase 1 Report," which is available from the Corporate Evaluation and Methods Group of the Operations Evaluation Department of the World Bank (OEDCM).

Survey Questionnaires

Questionnaire surveys were designed and administered to five sets of aid coordination participants: (1) World Bank staff; (2) recipient government officials; (3) local donor representatives in recipient countries; (4) donor agency headquarters officials; and (5) INGOs. Survey responses were received from a total of 133 respondents: 43 World Bank staff, 20 recipient government officials, 54 local donor representatives, 15 donor headquarters officials (10 bilateral and 5 multilateral), and 1 INGO representative. The respective survey instruments are available from OEDCM.

The first three questionnaires were composed primarily of multiple-choice questions, in which the respondent was asked to choose from a 5-point scale. These were supplemented by several questions that requested brief narrative responses. Each questionnaire was structured around the following categories of questions:

- Goals for aid coordination
- Relevance and efficacy (impacts, outcomes, outputs) of aid coordination
- Instruments/inputs for aid coordination
- Efficiency or cost-effectiveness of aid coordination
- Aid coordination at the country level—aid management issues and resource utilization issues
- Role of the government in aid coordination.

Respondents were also asked to indicate up to three lessons from experience with aid coordination and up to three strengths and three shortcomings of the World Bank in such work.

The survey instrument sent to donor headquarters and INGOs was comprised of seven key issues regarding aid coordination, with narrative sub-questions under each issue. The issues included:

- Breadth of stakeholder participation
- Substantive agendas
- Resource mobilization
- CG/RT administrative issues
- Barriers to effective aid coordination
- Future issues for aid coordination
- Prospects for recipient country management of the process.

This instrument was jointly designed by OEDCM and the Management Development and Governance Division of the UNDP, which managed the UNDP evaluation of the Round Table mechanism.

Workshops

The review sponsored two headquarters-based action learning workshops on Aid Coordination in an Era of Partnership. The first workshop, on January 27, 1999, involved Bank staff; the second, on February 10–11, 1999, involved 19 senior recipient government officials from...
as many countries. Both workshops discussed the results of questionnaire survey responses and sought to draw from the participants their views concerning the strengths and weaknesses of aid coordination processes and the Bank’s role, and what could be improved. The second workshop, conducted over two full days, yielded particularly rich insights generated by interaction among the participants, most of whom were senior officials with significant operational or oversight responsibilities for aid management and coordination. Two skilled facilitators contributed substantially to workshop effectiveness. The proceedings of this workshop are available from OEDCM.

Field Visits and Country Assistance Evaluations

Field visits to Ethiopia, Ghana, and Vietnam were conducted during April and May of 1999. These countries were selected because of their relatively high degree of aid dependency and because in recent years they have embarked on a range of aid coordination initiatives. They are also CDF pilot countries. Reports on these country visits are available from OEDCM.

The review drew on the findings of Country Assistance Evaluations (CAEs) conducted by OED in 1999 to Burkina Faso, India, Tanzania, and Uganda. These CAEs entailed field visits, which employed question protocols prepared as part of the aid coordination review.

Country Assistance Strategy Review

To supplement the above sources of information, as well as to provide an indication of the way in which the Bank is incorporating aid coordination and partnership in its own planning and strategy documents, sets of the two most recent CAS documents were reviewed for a sample of 15 countries. This review is summarized in Annex 4.

Collaboration with Other Donor Agencies

The review benefited from close collaboration with several other donor partners. In addition to the already mentioned UNDP evaluation, periodic discussion and exchange of drafts and comments occurred between OED and the donor agencies of Norway and Switzerland, as well as the Development Cooperation Directorate of the OECD. The intellectual and financial assistance from the Swiss Agency for Development and Cooperation (SDC) made invaluable contributions to the workshops held in early 1999. The OED UNDP reviews and relevant OECD/DAC experience provided the main input to a Development Partnership Forum, held at the OECD, December 6–8, 1999. The implications of the reviews for the development community were discussed by senior donor agency and recipient country officials and civil society representatives.

Data on CGs

The Bankwide source of information on CGs is the External Affairs Vice-Presidency (EXT), which is responsible for the Bank’s Paris office, where a majority of CG meetings are held, as well as liaison with the EU, OECD/DAC, and the U.N. EXT compiles an annual calendar of aid group meetings convened and chaired, or co-chaired, by the Bank. Information for the calendar is supplied by Bank Regions to EXT. In the course of the review, some errors and omissions in the calendar were identified. Thus, while the data presented in the main text on CG meetings are believed to be a reasonable representation of orders of magnitude, some errors probably remain.
Annex 3
Aid Dependency, Transaction Costs, and Coordination Costs

Aid Dependency

Notwithstanding declining ODA, aid dependency in low-income countries remains high. The importance of aid coordination is clearly greatest in these countries because they tend to be the most aid dependent, and donors consequently have a greater impact on the development process. Data from 116 developing countries for 1996–97 confirm an inverse association between aid dependency and GNP per capita, as shown in the scatter diagram in figure A3.1. The logarithmic curve fitted to these points suggests that a 1 percent decline in GNP per capita is associated with a 6 percent increase in aid dependency (defined as the ratio of ODA to recipient Gross Domestic Product, or GDP).

Table A3.1 shows values for selected groupings of countries and individual countries represented in figure A3.1. For example, the 20 mostly highly aid-dependent countries, with an average GNP per capita of US$369, received (on average) ODA equivalent to 26 percent of their GNP, in contrast to the 58 countries with the least aid dependence, with an average ODA to GNP ratio of 1.0 percent and an average GNP per capita of US$2,313. The importance of, and setting for, aid coordination must differ radically for the two groups of countries.

Figure A3.1: ODA as a Percentage of GDP and per Capita GNP, 116 Countries, 1996–97

Table A3.1: Aid Dependency and GNP per Capita, 116 Countries, 1996–97 Averages

<table>
<thead>
<tr>
<th>Country grouping and selected countries</th>
<th>ODA/GDP (%)</th>
<th>GNP per capita (US$) (GNP via Atlas method)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average for 116 countries</td>
<td>7.9</td>
<td>1,421</td>
</tr>
<tr>
<td>Average for top 20 countries (ranked by ODA/GNP in descending order)</td>
<td>26.0</td>
<td>369</td>
</tr>
<tr>
<td>Average for top 58 countries</td>
<td>14.7</td>
<td>529</td>
</tr>
<tr>
<td>Average for bottom 58 countries</td>
<td>1.0</td>
<td>2,313</td>
</tr>
</tbody>
</table>

Top 20 countries (descending order)
1. Guinea-Bissau 58.70 245
2. Mozambique 49.45 90
3. Rwanda 41.60 200
4. Nicaragua 39.30 405
5. Guyana 30.80 755
6. Cape Verde 27.50 1,090
7. Mauritania 25.15 460
8. Malawi 24.05 200
9. Mongolia 23.25 375
10. Bhutan 23.15 400
11. Chad 20.60 200
12. Congo, Rep. 18.90 640
13. Mali 18.90 250
14. Lao PDR 18.85 390
15. Tanzania 18.25 170
16. Zambia 17.35 405
17. Madagascar 16.70 245
18. Comoros 15.95 430
19. Burkina Faso 15.95 230
20. Niger 15.90 200

Bottom 5 countries (descending order)
1. Venezuela 0.05 3,220
2. Turkey 0.05 3,010
3. Belize 0.00 2,740
4. Costa Rica -0.05 2,640
5. Malaysia -0.40 4,490

Note: Aid dependency is defined as ODA as a percentage of GDP.

While some extreme values (for example, 59 percent aid dependency for Guinea-Bissau and 50 percent aid dependency for Mozambique) undoubtedly reflect underestimation of GNP, the difference in aid dependency between the top 58 countries and the bottom half (14.7 percent vs. 1.0 percent) is dramatic, as are the individual differences between the top 20 countries and the bottom 5. Regional variations are also striking. Of 53 countries with an aid dependency ratio above 5 percent of GNP, 33 are in AFR, 4 in EAP, 6 in ECA, 6 in LCR, 2 in MNA, and 2 in SAR. Of the 63 countries with a ratio below 5 percent, only 8 are in AFR.
Real Aid Disbursements per Capita

While aid dependency remains high in low-income countries, aid disbursements per capita have been declining in real terms in most countries since the early 1990s. Table A3.2 shows this to be the case for low-income countries as a whole and, with the small exception of Nicaragua in 1996, true for the sample of individual countries shown in the table.

Table A3.2. ODA Disbursements per Capita
(US dollars, adjusted by 1997 IBRD/IDA loan commitment deflator)

<table>
<thead>
<tr>
<th>Year</th>
<th>All least-developed countries</th>
<th>Other low-income countries</th>
<th>Ethiopia</th>
<th>Ghana</th>
<th>India</th>
<th>Nicaragua</th>
<th>Philippines</th>
<th>Tanzania</th>
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<td>6.3</td>
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<td>2.8</td>
<td>25.5</td>
<td>8.8</td>
<td>38.7</td>
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<tr>
<td>1979</td>
<td>28.9</td>
<td>3.5</td>
<td>8.0</td>
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<td>58.7</td>
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<td>68.4</td>
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<td>20.4</td>
<td>38.8</td>
<td>1.7</td>
<td>88.9</td>
<td>21.3</td>
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<td>1991</td>
<td>32.0</td>
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<td>20.9</td>
<td>58.1</td>
<td>3.2</td>
<td>213.1</td>
<td>17.0</td>
<td>43.1</td>
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<td>31.2</td>
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<td>23.5</td>
<td>38.4</td>
<td>2.8</td>
<td>166.4</td>
<td>27.1</td>
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<td>20.5</td>
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<td>15.8</td>
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<td>1995</td>
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<td>15.8</td>
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<td>151.7</td>
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<td>14.7</td>
<td>37.5</td>
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<td>27.4</td>
<td>1.8</td>
<td>90.8</td>
<td>9.4</td>
<td>30.7</td>
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</table>

Donor Diffusion in Ghana and Aid Transactions Costs

Tables A3.3–A3.5 show that the average number of sectors per donor in Ghana increased sharply from 1984–86 to 1990–92, and continued to increase, but by less, over the next four years, to 1994–96. Over the decade, all of the increase was among bilateral donors, for whom the average number of sectors per donor increased from 19 to 26 during the last half of the 1980s and to 29 by 1994–96. But the average number of sectors per multilateral donor declined from 22 to 16 over the same period. Donor commitments per sector, after increasing markedly between 1984–86 and 1990–92, declined somewhat over the next four years. The same pattern holds for both bilateral and multilateral donors. Thus, while the picture is ambiguous for multilateral donors, the evidence of deconcentration or diffusion of bilateral donors among sectors is clear, with a continuous increase in sectors per donor, but a decline in commitments per sector in the 1990s.
Table A3.3. Ghana, 1984–86, Commitments by Sector and Donor
(annual averages, US dollars '000)

<table>
<thead>
<tr>
<th>Donors</th>
<th>Total sectors</th>
<th>Sector commitments (USD '000)</th>
<th>Commitment per sector (USD '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDF</td>
<td>19</td>
<td>393,571</td>
<td>20,714</td>
</tr>
<tr>
<td>All donors, total</td>
<td>88</td>
<td>3,213,913</td>
<td>36,522</td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
<td>3,958</td>
<td>1,319</td>
</tr>
<tr>
<td>Canada</td>
<td>46</td>
<td>237,007</td>
<td>5,152</td>
</tr>
<tr>
<td>CEC</td>
<td>26</td>
<td>201,981</td>
<td>7,769</td>
</tr>
<tr>
<td>DAC countries, total</td>
<td>83</td>
<td>1,013,861</td>
<td>12,215</td>
</tr>
<tr>
<td>EU members, total</td>
<td>50</td>
<td>400,592</td>
<td>8,012</td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>80,230</td>
<td>8,023</td>
</tr>
<tr>
<td>G7 total</td>
<td>74</td>
<td>947,182</td>
<td>12,800</td>
</tr>
<tr>
<td>Germany</td>
<td>13</td>
<td>94,210</td>
<td>7,247</td>
</tr>
<tr>
<td>IDA</td>
<td>24</td>
<td>1,604,500</td>
<td>66,854</td>
</tr>
<tr>
<td>Italy</td>
<td>3</td>
<td>120</td>
<td>40</td>
</tr>
<tr>
<td>Japan</td>
<td>30</td>
<td>197,824</td>
<td>6,594</td>
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<tr>
<td>Multilateral, total</td>
<td>42</td>
<td>2,200,052</td>
<td>52,382</td>
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<tr>
<td>Netherlands</td>
<td>33</td>
<td>60,201</td>
<td>1,824</td>
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<tr>
<td>Norway</td>
<td>10</td>
<td>2,550</td>
<td>255</td>
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<tr>
<td>United Kingdom</td>
<td>21</td>
<td>165,840</td>
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<tr>
<td>United States</td>
<td>18</td>
<td>171,960</td>
<td>9,553</td>
</tr>
</tbody>
</table>

Note: Average: sectors per donor, 20; sectors per DAC, 19; sectors per multilateral, 22. Average sector commitment: per donor, 247,224; per DAC, 110,531; per multilateral, 999,035.

Source: OECD/DAC data.
Table A3.4. Ghana, 1990–92, Commitments by Sector and Donor
(annual averages, US dollars '000)

<table>
<thead>
<tr>
<th>Donors</th>
<th>Total sectors</th>
<th>Sector commitments (USD '000)</th>
<th>Commitment per sector (USD '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDF</td>
<td>20</td>
<td>515,620</td>
<td>25,781</td>
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<tr>
<td>All donors, total</td>
<td>111</td>
<td>8,062,750</td>
<td>72,637</td>
</tr>
<tr>
<td>Australia</td>
<td>5</td>
<td>3,700</td>
<td>740</td>
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<tr>
<td>Austria</td>
<td>6</td>
<td>7,220</td>
<td>1,203</td>
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<tr>
<td>Belgium</td>
<td>7</td>
<td>17,200</td>
<td>2,457</td>
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<tr>
<td>Canada</td>
<td>41</td>
<td>422,640</td>
<td>10,308</td>
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<tr>
<td>CEC</td>
<td>29</td>
<td>198,820</td>
<td>6,856</td>
</tr>
<tr>
<td>DAC countries, total</td>
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<td>3,735,930</td>
<td>34,915</td>
</tr>
<tr>
<td>Denmark</td>
<td>24</td>
<td>118,490</td>
<td>4,937</td>
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<tr>
<td>EU members, total</td>
<td>94</td>
<td>2,165,560</td>
<td>23,038</td>
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<tr>
<td>Finland</td>
<td>18</td>
<td>9,570</td>
<td>532</td>
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<tr>
<td>France</td>
<td>30</td>
<td>496,990</td>
<td>16,566</td>
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<tr>
<td>G7 total</td>
<td>99</td>
<td>3,209,090</td>
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<td>Germany</td>
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<td>466,350</td>
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<tr>
<td>IDA</td>
<td>43</td>
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<td>82,559</td>
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<tr>
<td>IFAD</td>
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<td>Italy</td>
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</tr>
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<td>Japan</td>
<td>40</td>
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<tr>
<td>Multilateral, total</td>
<td>60</td>
<td>4,326,840</td>
<td>72,114</td>
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<td>42</td>
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<td>Norway</td>
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<td>2,325</td>
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<tr>
<td>United States</td>
<td>37</td>
<td>377,220</td>
<td>10,195</td>
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</table>

Note: Average: sectors per donor, 25; sectors per DAC, 26; sectors per multilateral, 23. Average sector commitment: per donor, 424,355; per DAC, 245,922; per multilateral, 1,376,007.

Source: OECD/DAC data.
Table A3.5. Ghana, 1991–96, Commitments by Sector and Donor  
(annual averages, US dollars '000)

<table>
<thead>
<tr>
<th>Donors</th>
<th>Total sectors</th>
<th>Sector commitments (USD '000)</th>
<th>Commitment per sector (USD '000)</th>
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</thead>
<tbody>
<tr>
<td>ADF</td>
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<td>167,900</td>
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<td>All donors, total</td>
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<td>Austria</td>
<td>8</td>
<td>100,050</td>
<td>12,506</td>
</tr>
<tr>
<td>Belgium</td>
<td>28</td>
<td>990</td>
<td>35</td>
</tr>
<tr>
<td>Canada</td>
<td>59</td>
<td>223,530</td>
<td>3,789</td>
</tr>
<tr>
<td>CEC</td>
<td>30</td>
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<td>DAC countries, total</td>
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<td>France</td>
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<td>250</td>
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<td>Spain</td>
<td>5</td>
<td>25,000</td>
<td>5,000</td>
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<td>18</td>
<td>4,960</td>
<td>276</td>
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</tr>
<tr>
<td>United States</td>
<td>38</td>
<td>379,820</td>
<td>9,995</td>
</tr>
</tbody>
</table>

Note: Averages: sectors per donor, 27; sectors per DAC, 29; sectors per multilateral, 16. Average sector commitment: per donor, 385,456; per DAC, 277,248; per multilateral, 998,613.

Source: OECD/DAC data.
Coordination Costs

Aid coordination activities incur costs. There are the direct costs of staff time, publications, travel, meeting facilities, and so forth. In addition, there are the opportunity costs of the participants. Calculation of even the direct costs of aid coordination activities is not a straightforward matter. One attempt estimated the cost to the Bank of providing aid coordination services “for a sample country with a CG and modest field representation” at 2.65 staffyears, including allowance for ESW and field office and regional management time (World Bank 1984: 14). Applying the current average “fully loaded” cost of US$200,000 for a Bank staff member to this estimate yields a total cost of $26.5 million a year. However, Bank financial data on the direct costs of its aid coordination services were reported at $2 million in FY98, far lower than the costs implied by the staffyear estimate.2

As shown in figure A3.2, these costs have fluctuated fairly sharply around a modest rising trend over the last nine years. When Bank support for the SPA and for UNDP-sponsored RTs is netted out, however, the yearly fluctuations are reduced considerably, as shown by the solid line in the figure.

Figure A3.3, which shows reported cost to the Bank per aid coordination “event,” provides some indication of direct unit costs. A modest rising trend is observable, but this is about half as steep in relative terms as the increase shown in figure A3.2. While this observation is not inconsistent with a possible deterioration in aid coordination “efficiency,” it could also reflect increased scope and complexity of aid coordination agendas over the decade.

The most striking aspect of these data is their relatively modest magnitude when compared with total Core Development Services provided by the Bank (services in support of lending operations and nonlending services), which amounted to almost US$900 million in FY95. However, there are two sources of underestimation: first, the data undoubtedly underestimate the portion of joint product cost (such as ESW) that could be attributed to aid coordination. But even if these are off by two- or threefold, the magnitudes would still be relatively small. Second, a broad definition of “aid coordination cost” would include at least some portion of the cost of co-financing services. The inclusion of this element would bring the reported direct cost of aid coordination services in FY96 to US$11.1 million.

**Figure A3.2: World Bank Aid Coordination Support: Direct Cost**

![Figure A3.2: World Bank Aid Coordination Support: Direct Cost](image)

*Note: dashed line includes support to regional and RT meetings.*
One survey question asked respondents to assess the Bank’s efforts to reduce the cost of aid coordination through such measures as keeping meetings outside the country to a minimum, employing electronic communications, and utilizing local resources to help prepare for meetings. The results shown in figure A3.4 indicate that respondents see the Bank as being only modestly effective in this role. Other donors were the most critical, with 65 percent of respondents either neutral or negative.

An issue for in-country participants in aid coordination mechanisms is the opportunity cost of participation. The countries visited as part of the review—Ethiopia, Ghana, and Vietnam—have embarked on a path of increasingly intensive in-country aid coordination efforts. Interviewees were asked if they thought the benefits yielded by these efforts justified the costs. While responses were generally positive, several interlocutors indicated that they had coped with expanding aid coordination activity by becoming selective as to which groups and meetings they participated in, and others suggested that it was time to consider some streamlining of mechanisms.
Annex 4
Analysis of Bank CAS Documents

Methodology
OED undertook a review of the two most recent CASs for 15 selected countries, which are listed at the end of this Annex.1

Eight criteria were identified for the review (yes/no answers):

- Coherence of CAS with country national strategy.
- Aid coordination is an explicit element or objective of the CAS.
- Aid coordination is explicitly linked to development effectiveness.
- CAS discusses Bank's comparative advantage or selectivity.
- CAS discusses role of government in aid coordination and aid management.
- CAS discusses government capacity for aid coordination and aid management.
- CAS discusses Bank efforts to build government capacity for aid coordination/aid management.
- CAS discusses harmonization of donor procedures.

A ninth supplementary criterion—discussion of the role of the resident mission (RM) in aid coordination—was considered in addition to the set of eight principal criteria.

CASs were also reviewed for discussion of cooperation with other institutions (required by CAS guidelines) and discussion of specific aid coordination frameworks and activities. All CASs scored positively on both these criteria, so they were not included in the comparative scoring described below.

A final criterion examined was the presence of an “other donors” column in the CAS Matrix Annex. However, of the 30 CASs, 9 had no matrix. Of the remaining 21 CASs, more than half (13) did not have a column on activities of other donors. The overall top scorer in these ratings, Nepal, had such a column only in the second CAS. Tanzania, the second-highest scorer, did not have the column in either CAS. Côte d'Ivoire and Pakistan, among the lowest scorers, each had the matrix only in the second CAS, and neither had a column. Mali and Kenya each had columns in the second CAS only.

Results of Review
The first set of results shown is for the older set of CASs (positive responses out of total number of criteria). The two columns refer to (a) the eight principal criteria listed in paragraph 1 and (b) including the ninth criterion (role of the resident mission).
### Eight criteria/CAS

<table>
<thead>
<tr>
<th>Country</th>
<th>Score/Percentage</th>
<th>Country</th>
<th>Score/Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Côte d'Ivoire</td>
<td>1/8 (13%)</td>
<td>Côte d'Ivoire</td>
<td>2/9 (22%)</td>
</tr>
<tr>
<td>Kenya</td>
<td>2/8 (25%)</td>
<td>Kenya</td>
<td>2/9 (22%)</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2/8 (25%)</td>
<td>Pakistan</td>
<td>2/9 (22%)</td>
</tr>
<tr>
<td>Georgia</td>
<td>3/8 (38%)</td>
<td>Georgia</td>
<td>4/9 (44%)</td>
</tr>
<tr>
<td>Mali</td>
<td>4/8 (50%)</td>
<td>Mali</td>
<td>4/9 (44%)</td>
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<tr>
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<td>4/8 (50%)</td>
<td>Ethiopia</td>
<td>4/9 (44%)</td>
</tr>
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<td>Malawi</td>
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<td>Indonesia</td>
<td>4/9 (44%)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4/8 (50%)</td>
<td>Vietnam</td>
<td>4/9 (44%)</td>
</tr>
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<td>4/8 (63%)</td>
<td>Malawi</td>
<td>5/9 (56%)</td>
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<td>Bangladesh</td>
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<td>7/9 (78%)</td>
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<td>8/9 (89%)</td>
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### Nine criteria/CAS

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<td>Côte d'Ivoire</td>
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<td>5/9 (56%)</td>
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<td>Nepal</td>
<td>8/9 (89%)</td>
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Score results for latest CAS only (positive responses out of total number of criteria):

### Eight criteria/CAS

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<td>Côte d'Ivoire</td>
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<td>Georgia</td>
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<td>Indonesia</td>
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<td>5/9 (56%)</td>
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<td>Vietnam</td>
<td>5/8 (63%)</td>
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<td>6/9 (67%)</td>
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<td>Bangladesh</td>
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<td>Yemen</td>
<td>6/8 (75%)</td>
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<td>7/9 (78%)</td>
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<tr>
<td>Malawi</td>
<td>7/8 (88%)</td>
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<tr>
<td>Nepal</td>
<td>7/8 (88%)</td>
<td>Nepal</td>
<td>7/9 (78%)</td>
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Score results (for both CASs):

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<td>Côte d'Ivoire: 7/18 (39%)</td>
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<tr>
<td>Pakistan</td>
<td>6/16 (38%)</td>
<td>Pakistan: 7/18 (39%)</td>
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<tr>
<td>Mali</td>
<td>7/16 (48%)</td>
<td>Mali: 8/18 (44%)</td>
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<tr>
<td>Georgia</td>
<td>7/16 (48%)</td>
<td>Kenya: 8/18 (44%)</td>
</tr>
<tr>
<td>Kenya</td>
<td>8/16 (50%)</td>
<td>Georgia: 9/18 (50%)</td>
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<tr>
<td>Ethiopia</td>
<td>9/16 (56%)</td>
<td>Ethiopia: 9/18 (50%)</td>
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<td>Indonesia</td>
<td>9/16 (56%)</td>
<td>Indonesia: 9/18 (50%)</td>
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<tr>
<td>Vietnam</td>
<td>9/16 (56%)</td>
<td>Vietnam: 10/18 (56%)</td>
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<tr>
<td>Yemen</td>
<td>10/16 (63%)</td>
<td>Bangladesh: 11/18 (61%)</td>
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<tr>
<td>Bangladesh</td>
<td>10/16 (63%)</td>
<td>Yemen: 12/18 (67%)</td>
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<tr>
<td>Ghana</td>
<td>11/16 (69%)</td>
<td>Ghana: 12/18 (67%)</td>
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<tr>
<td>Malawi</td>
<td>11/16 (69%)</td>
<td>Mauritania: 12/18 (67%)</td>
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<tr>
<td>Mauritania</td>
<td>11/16 (69%)</td>
<td>Malawi: 13/18 (72%)</td>
</tr>
<tr>
<td>Tanzania</td>
<td>12/16 (75%)</td>
<td>Tanzania: 13/18 (72%)</td>
</tr>
<tr>
<td>Nepal</td>
<td>15/16 (94%)</td>
<td>Nepal: 15/18 (83%)</td>
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</table>

Nepal was the overall highest scorer in the review, except for the case of the latest CAS and using nine criteria, in which it was second to Malawi. Depending on which number of criteria was used and which category (oldest, latest, or both CASs), Côte d'Ivoire, Kenya, Mali, and Pakistan were among the lowest scorers in one category or other.

Trends from older to latest CAS (percent positive scores):

<table>
<thead>
<tr>
<th></th>
<th>Eight criteria/CAS</th>
<th>Nine criteria/CAS</th>
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<tbody>
<tr>
<td>Africa Region (AFR)</td>
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</tr>
</tbody>
</table>
1. Côte d'Ivoire  | 38% to 50%         | 22% to 56%        |
2. Ethiopia       | 50% to 63%         | 44% to 56%        |
3. Ghana          | 63% to 75%         | 56% to 78%        |
4. Kenya          | 25% to 75%         | 22% to 67%        |
5. Malawi         | 50% to 88%         | 56% to 89%        |
6. Mali           | 50% to 38%         | 44% to 44%        |
7. Mauritania     | 75% to 63%         | 67% to 67%        |
8. Tanzania       | 75% to 75%         | 78% to 67%        |

East Asia Region (EA)
9. Indonesia      | 50% to 63%         | 44% to 64%        |
10. Vietnam       | 63% to 44%         | 44% to 67%        |

Europe and Central Asia Region (ECA)
11. Georgia       | 38% to 50%         | 44% to 56%        |

Middle East & North Africa Region (MNA)
12. Yemen         | 50% to 75%         | 56% to 78%        |

South Asia Region (SAR)
13. Bangladesh    | 63% to 63%         | 56% to 67%        |
14. Nepal         | 100% to 88%        | 89% to 89%        |
15. Pakistan      | 25% to 38%         | 22% to 44%        |
Using eight criteria only, there is an overall positive movement between the older and most recent CASs of 13 percent. On a regional basis, MNA shows the most improvement (25 percent), although this figure should be qualified because only one MNA country was included in the review. The Africa Region has the next highest percentage rate of improvement (16 percent), while ECA and EA are tied at 13 percent. The SAR average shows no change in either direction.

Elements of Good Practice

Nepal

1996 CAS
• Detailed discussion of selectivity.
• Lending criteria include IDA’s comparative advantage relative to other donors, which means that in some important sectors in Nepal, IDA will not develop new operations.
• Acknowledgment that selectivity will be subject to strong internal and external pressures for the Bank to be involved more broadly.
• Potential to achieve more lasting results attributed to selectivity, since resources will be used more effectively.
• Detailed discussion of coordination with other institutions, including identification of sectors where coordination is achieving positive/less positive results.
• Notes increasingly active government leadership role with local donors, including initiative in suggesting to donors where they should concentrate future assistance.
• Clear emphasis on importance of maintaining and enhancing government and donor aid coordination efforts, including specific recommendations to government (such as maintaining proactive role) and to donors (including considering the financing of recurrent costs in high-priority projects/programs).
• One of the points on the agenda for Board consideration is “proposed approach to donor coordination.”

1998 CAS
• Linkage between aid coordination and effectiveness:
  » Weak absorptive capacity is strained by large number of donors and NGOs operating in a piecemeal and uncoordinated manner in-sector.
  » Major lesson learned: donor-aided projects have been poorly coordinated, with donors sometimes competing rather than cooperating in aid allocations.
  » Part of problem is that donors have been slow in developing common insistence on good governance at central level.
• CAS strategy therefore includes collective donor action to foster the stronger governance needed to reduce waste and mismanagement.
• One of the potential risks is lack of donor coordination.
• Analysis of impact of aid on government capacity.
• Donor assistance has tended to substitute for creation of national capacity to plan and implement.
• Government aware of damaging effect on integrity and sustainability of development process; wants to ensure it takes greater responsibility for shaping/managing it.
• CAS matrix has column on “other donors.”

Tanzania

1994 CAS
• Linkage between aid coordination and effectiveness.
• Health services are constrained by, among other things, uncoordinated donor activities that often bypass the ministry.
• A group of government project coordinators is working with encouragement of the resident mission (RM) to exchange ideas on project implementation.
Integrated sectoral strategy approach already showing very positive results in overall program implementation and donor coordination in roads sector.

In interest of increasing aid effectiveness, IDA is channeling foreign exchange through a market-based allocation mechanism and is urging other donors to do the same (counted as attempt at harmonization of donor procedures).

Selectivity:

Integrated sectoral strategies imply that governments and donors will need to agree on which donor should be responsible for assisting in specific sectors and subsectors.

1997 CAS

Selectivity

One of lessons learned: Bank did not work closely enough with government and other donors to reduce number of overlapping projects in portfolio and focus attention on core activities.

Government capacity, and efforts to build capacity.

Success of Bank program will depend on lead taken by government in setting development priorities and its ability to coordinate the activities of donors.

Bank aims to build needed capacity in areas critical for sound economic management, including building capacity for policy analysis in Ministries of Finance and Planning.

Malawi

1996 CAS

Selectivity

AIDS/HIV activities currently adequately funded by other donors, but Bank would be responsive to request for help should situation change.

No new PSD operations foreseen, but, should funding from other donors not materialize, Bank may be asked for support of a technical assistance operation to accelerate privatization.

Government capacity

Previous regimes created competing structures representing central ministries. New government believes in decentralization and is currently evaluating, with help from donors, the best approach.

Government (GOM) encouraging Bank to seek input from various segments of society in formulating its assistance strategy.

At 1995 CG, GOM announced intent to establish a monitoring capability in the Ministry of Finance to coordinate achievement of deadlines for project policy conditions and implementation targets.

Cooperation with others

Importance of donor community in Malawi demonstrated by impact of 18-month suspension of aid, starting in 1992, which helped inaugurate democratic reform.

Bank and IMF have aimed to coordinate technical assistance to central ministries (Finance, Customs, Reserve Bank) although currently, “IMF, donors and Bank may together be inadvertently overloading the central ministries with expatriate advisers, detracting from local capacity building.”

Bank, through CG chairmanship and its RM, has played leading role in donor community. Participates in monthly meetings organized by UNDP for U.N. family in field, as well as weekly coordination meetings organized by UNDP for ambassadors/high-level representatives. Meetings are highly productive forums for decisions on issues such as donor response to drought.

1998 CAS

Coordination and selectivity

Following transition to democracy, there was significant increase in number of donors, particularly concentrated in agriculture, education, health, and environment sectors. Donor community (with many agencies constrained by HQ mandates) has
yet to succeed in streamlining interventions to maximize impact and minimize claims on capacity.

- Experience of last few years argues for bringing donor community into strategic and investment frameworks, with each donor focusing on areas of comparative advantage.
- CAS will pursue “critical cost-cutting themes” including donor coordination.
- Need for selectivity in Bank’s program has been subject of dialogue with government and other donors in preparing current CAS. Bank efforts will be focused where they have maximum impact, implying no lending interventions where existing projects are not performing well.
- Capacity in Malawi, government commitment, donor presence, and Bank capacity will be decisive criteria determining where Bank intervenes. A CAS annex matrix exemplifies Bank’s selective approach, showing both Bank and donor contributions to GOM program.
- Principle of selectivity will be pursued when responding to GOM in recent request that Bank become involved in funding additional areas.
- Bank needs to be catalyst fostering development of cohesive sector strategies and investment programs to provide umbrella for activities of donor community. Longer-term agreed objective is for “a greater streamlining of donor activities.”

**Government capacity**
- Due to capacity limitations, lack of adequate strategic frameworks, and desire to maintain aid flows, GOM has not been able to impose coherence on conflicting donor inputs.
- Lesson learned: inadequately coordinated donor interventions have strained capacity and delivered sometimes conflicting messages.
- GOM is considering strengthening its system of aid management. Donors have decided to reinforce efforts to help GOM develop strategic frameworks and then to work within them.
- **Linkage of aid coordination with development effectiveness**
- Donor coordination is very good at one level—CAS provides details of aid coordination frameworks, including various donor groups collaborating toward moving to SIPs in some sectors.
- Nevertheless, it is apparent that coordination only partially effective in results. In many sectors, numerous donors are still pursuing individual programs, with great cost to limited Malawi capacity.

### Yemen

**1996 CAS**

- **Aid coordination and selectivity/comparative advantage**
  - Donor coordination takes on special meaning in Yemen, where range of problems forces World Bank to be highly selective.
  - IDA must not only be catalytic in attracting additional cofinancing, but also must encourage other donors to take lead where they have comparative advantage or special expertise.
  - The Bank is working closely with donors to develop sectoral reform programs.
- **Linkage between aid coordination and effectiveness:**
  - Yemen is one of the most water-short countries in world. Addressing serious problems will require well-coordinated effort between government and donors.
- **Role of resident mission.** Opened in January 1995, the resident mission is expected to play key role in aid coordination among local donor representatives.

**1999 CAS**

- Guiding principles for Bank’s strategy include selectivity and partnerships.
- Lending assistance focused on limited set of priorities makes close collaboration with development partners essential.
- In the CAS areas of emphasis, it is important to move forward in full partnership with both government and all substantial donors in relevant sectors.
- In important sectors where there is no Bank lending, Bank will continue to provide TA and
encourage donors to support sectoral reforms. In some sectors, Bank involvement may attract new donors (such as rural access, which has no specific donor support now).

• In parallel, resident mission would continue its active role in partnership-building with donor agencies, government representatives, and other relevant organizations through monthly operational discussions and day-to-day liaison.

• Major points of contact for Bank donors and government agencies would be on sectoral basis, to make specific plans for coordinated financial and technical support, to harmonize strategy and policy at sector level, and to address sector-specific implementation problems.

• Capacity

• Bank will provide initial technical support for Ministry of Planning to play leading role in coordination of donor support.

• Bank would encourage Ministry of Planning to take part in such meetings and to take lead in general coordination meetings on cross-cutting issues.

Countries Selected for CAS Review: Two Most Recent Reviews

<table>
<thead>
<tr>
<th>Africa Region (AFR)</th>
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<td>15. Pakistan</td>
<td>8/94 f</td>
<td>and</td>
<td>11/95 g</td>
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a. SAR Second Integrated Roads Project.
b. There was also a Progress Report in 4/96 (not included in this review).
c. There was also a Progress Report in 2/99 (not included in this review).
d. MOP Agricultural Services Project.
e. SAR Rehabilitation Credit.
f. MOP Social Action Project (SAP).
g. There was also a Progress Report in 4/97 (not included in this review).
Annex 5

Evaluative Levels and Criteria for Aid Coordination

Box A5.1: Aid Coordination (AC) Evaluative Levels Hierarchy

Impacts: Impacts are the ultimate development results on the ground. Four main categories of broadly accepted “global goals” at the results-on-the-ground level are: (1) poverty reduction; (2) finance and private sector development; (3) human development; and (4) environmental sustainability.

Evidence: Country and donor reporting, research and evaluations; independent research studies; questionnaire and interview responses.

Outputs: Immediate: (i) CG chairperson reports contain actionable and monitorable recommendations that require participants to follow-up and report back to the next meeting. (ii) Agreements are reached regarding aid pledges; macroeconomic policy frameworks; global and sectoral public investment and expenditure programs; sectoral policy issues; donor procedures and practices. Higher Level: (i) Donor strategies focus in a more coherent manner on the country’s key development priorities; (ii) donor-supported activities are more selective, better reflecting the comparative advantage of each donor; donor procedures and practices are more consistent; (iii) an adequate quantity of aid resources are available to the country.

Evidence: (1) Aide Mémoires; Memoranda of Understanding; CG chairperson’s reports and press releases. (2) Questionnaire and interview responses; country and donor strategies, donor budget and evaluation documents; selected OED evaluations, (such as CARs); other secondary sources.

Production Process: Formal and informal AC activities, such as CG and related meetings; multi-party and bilateral sectoral and project-level meetings; working groups and task forces; bilateral meetings; phone calls; mail and electronic communications; document exchange; visiting missions

Evidence: Meeting announcements and agendas; questionnaire and interview responses; selected OED evaluations; such operational documents as CASs, as relevant.

Inputs: Financial resources, technical expertise and management attention devoted by participants (government, Bank, donors)

Evidence: (1) Direct costs (financial and staff time) to the participants; (2) Indirect costs: activities undertaken in part to contribute to AC, such as economic analyses; number of donors and projects in sector or country (reduced effectiveness beyond some level); number of donors with in-country presence and delegated authority; degree of donor dominance—for example, one donor accounting for over 50 percent of ODA.
Box A5.2. Evaluative Criteria for Aid Coordination

Relevance:
- To what extent are AC activities relevant to the global goals of (1) poverty reduction; (2) finance and private sector development; (3) human development; and (4) environmental sustainability?
- To ensure relevance, how participatory are AC processes in involving stakeholders (government, donors, representatives of civil society and the private sector) in preparing for and reporting on meetings, and in ensuring that stakeholders or their representatives have a voice at meetings?

Efficacy: To what extent have AC activities achieved results at the impact, outcome, and output levels (as described in Box A5.1)?

Efficiency:
(1) Process Efficiency:
- What was the quality and timeliness of documentation prepared for AC activities?
- How skillful was the chair in moderating AC fora, including being responsive to participants?
- What was the quality of press releases and conferences (and other media events)?
- How willing were participants, including government and other donors, to engage in a constructive dialogue on economic policy issues? On other germane issues such as governance and corruption?

(2) Cost-Effectiveness:
While one of the objectives of AC is to lower the cost of delivering aid (for donors and for the recipient country), aid coordination itself has a cost.
- To what extent have AC mechanisms and initiatives lowered or increased the transactions costs of delivering aid, or left them about the same?
- To what extent have means been adopted to minimize AC costs— for example, through keeping meetings outside the country to an essential minimum, making optimal use of electronic communications, utilizing local resources to help prepare for meetings, and the like?

(3) Bank Input Quality:
- To what extent did the resident mission contribute to the effectiveness of the Bank’s AC role?
- How well (in quality and timeliness) was it supported by headquarters in AC functions?

Sustainability: To what extent have AC activities, particularly those in-country, been regularized and sustained, as opposed to being ad hoc and sporadic? To what extent have they focused on issues of development sustainability?

Institutional Development: Have the Bank or other donors helped build the government’s capacity to manage and coordinate aid? What have been the results? Substantial, modest, or negligible? Or have other practices to circumvent weaknesses (such as separate project implementation units) had a counterproductive effect on capacity?
Annex 6

Informational Interviews

(Conducted primarily for January 1999 “Phase 1 Report”)

1. Franz Kaps, Senior Adviser, Aid Coordination and Partnerships, ECAVP, March 31, 1998
2. David Pearce, Anchor for Russia, ECCAI, April 2, 1998
3. Oscar de Bruyn Kops, Anchor for Indonesia, EACIQ, April 7, 1998
6. James Adams, Director for Tanzania and Uganda, AFCO4, April 17, 1998
7. Shahid Javed Burki, Vice-President, LCRVP, April 23, 1998
8. Heidi Hennrich-Hanson, Anchor for Philippines, EACPQ, April 23, 1998
10. Pablo Guerrero and James Funna, Program Coordination, Partnerships, SRMPG, May 6, 1998
13. Alexander Shakow, Deputy Corporate Secretary, May 11, 1998
15. Mark Baird, Vice-President, Strategy and Resources Management (SRM), May 15, 1998
16. Paul Evans, Political Science Department, Harvard University, May 18, 1998
27. Ross Paul, Capacity Building Unit, Africa Region, July 9, 1998
28. Etienne Baranshamaje, Senior Projects Officer, Africa Region, July 15, 1998
30. Christine Wallich, Director, Corporate Strategy, SRM, July 31, 1998
32. Kiochi Miyoshi, Resident Representative; Anne Emig, Program Officer for Research; and Barbara Fillip, Consultant, Japan International Cooperation Agency (JICA), USA Office, Washington, August 11, 1998
34. G. Shabbir Cheema, Director, Management Development and Governance Division, Bureau for Development Policy, UNDP, New York, and other UNDP officials of the Bureaus for Africa, Asia, and Development Policy, November 23, 1998
35. Bradley Babson, EAP (former Resident Representative in Vietnam), December 3, 1998
36. Theodore Ahlers, Country Director for Benin, Niger, and Togo, AFC13, January 5, 1999
Management believes that the implementation of the CDF approach at the country level by all development partners is the key to improving in-country aid coordination. It is an approach to development in which countries are the leaders and owners of their own development actions. It emphasizes partnership among governments, donors, civil society, the private sector, and other development actors. The country is in the lead, fully owning the development agenda, with the Bank and other partners each defining their support in their respective plans. Implementation in IDA-eligible borrowing countries centers on the PRSP that the country prepares in collaboration with the Bank and the IMF, as well as civil society and other development partners. The PRSP translates the principles of the CDF into practical plans for action, and the country’s development program forms the basis for partnership at the country level.

In terms of the Bank’s activities, management considers that efforts to achieve aid coordination must be fully integrated with the Bank’s country programs, as set out in the paper on supporting country development prepared for the Development Committee. The paper outlines the Bank Group’s agenda in low-income countries. The Bank, working in partnership with the country and other donors, promotes sustainable growth and poverty reduction through support for improving policies; strengthening institutional capacity; building social and physical infrastructure; improving governance, particularly in financial accountability; and increasingly, helping countries implement a global public goods agenda. In low-income countries, the Bank works closely with the IMF, regional development banks, bilateral donors, and others. Increasingly, as the CDF principles are applied, this work is carried out in the context of country-led development partnership—with the country taking the lead in the donor coordination effort around its development program.

In addition, the Bank has a significant role in reducing the transaction costs of aid programs to poor countries by strengthening the work it has started with other development agencies and client countries to bring operational policies and procedures into greater convergence. In this respect the recent integration of the Bank’s Operational Core Services Group with the Operations Policy and Strategy Group will strengthen the Bank’s ability to contribute to the above-mentioned policy and process harmonization efforts. The new Operational Policy and Country Services (OPCS) Vice Presidency and Network is responsible for the Bank’s operational policies, processes, and systems. OPCS will be working to make sure these poli-
cies and tools are compatible with staff efforts to work in partnership, to assist in capacity building, and to, in effect, operationalize the CDF principles. The Bank’s CDF Secretariat, a part of OPCS, will continue to monitor implementation progress and provide important and timely feedback on emerging issues for further work.

Summary of OED Findings

The OED review notes that, while the development community has been well-served by the Bank’s management and successes of aid coordination processes, more could have been achieved. The review highlights weaknesses of earlier aid coordination efforts. But its main message is that aid coordination so far has had little impact on strengthening global levels of development assistance, increasing donor selectivity, reducing transaction costs of aid delivery, harmonizing donor policies, or strengthening country capacity to manage and coordinate aid. According to the review, this failure is due in part to weak country commitment and capacity, but the primary responsibility rests with donors. Some corrective suggestions are to minimize nondevelopment motives for providing aid, to pursue selectivity through donor comparative advantage, and to promote recipient government leadership of in-country aid coordination by Bank staff and other local donor representatives.

Management Perspective

As indicated, Management agrees with the thrust of the OED analysis—that past practices have achieved less than anticipated, that donors have not demonstrated the real commitment necessary to make aid coordination work, and that strengthening country capacity to manage and coordinate donor programs is a priority. Indeed, this message underpins the elaboration of the CDF principles. However, although the OED review accurately reflects past efforts at aid coordination and how they fell short, it neither manages to capture the current, more widely shared vision among donors of development partnership nor current Bank practices. These Bank practices merit examination at three levels:

- **Country Partnership.** The Bank actively supports country-led coordination processes and mechanisms, including in-country partnership among the branches and levels of government and civil society. Building on the CDF principles, the Bank is working with the IMF and other multilateral and bilateral partners to support the preparation of country-led Poverty Reduction Strategy Papers. The Bank also intends to work with partners, notably the UNDP, to identify specific actions to increase national ownership of aid mobilization and management processes. The OED review highlights the importance of public expenditure reviews, sector investment programs, and programmatic lending instruments for the ownership and partnership agenda. As documented in Supporting Country Development, Management agrees with this assessment, and is promoting these instruments as vehicles to enhance development effectiveness and reduce the cost of donor programs. At the same time, the pace of this process will need to be set on a country-by-country basis, taking into account development priorities and country circumstances.

- **Global Partnerships.** If country-led coordination is to succeed, there must be greater harmony in donor practices, procedures, and policies—including appraisal, implementation, procurement, monitoring, supervision, reporting, accounting, and evaluation. The Bank favors adopting harmonized procedures among donors that will reduce aid transaction costs. The Bank and the major MDBs have inventoried their operational policies and procedures, and identified potential areas for convergence. In addition, Management has already raised the profile of harmonization, having discussed it in Prague in September 2000 during the meetings of the MDB presidents, the heads of multilateral financial institutions (MFIs), and the Development Committee. On February 1, 2001, the World Bank hosted the Forum on
Operational Policies and Strategies, at which representatives of 18 multilateral institutions met for the first time to focus exclusively on harmonization. Management also committed to further discussions on harmonization during the MDB presidents' meeting in February 2001 and will submit a progress report to the Development Committee in April 2001. Further, the work program is being expanded to include close collaboration with and participation in the recently established OECD-Development Assistance Committee (DAC) Task Force on the Harmonization of Donor Practices, which held its first meeting early this year.

- **Bank Culture.** Bank staff attitudes and behaviors are evolving toward stronger client and partner orientation. Indeed, for some years, the Bank has been promoting changes to its business culture through training and performance feedback. Human Resource Services (HRS) has reviewed Bank training programs to ensure that learning is better aligned with the new approach to development and to more effectively support the country and global partnership agendas. Management notes that the disappointing results of the OED survey of Bank staff largely reflect the situation as it was three years ago at a much earlier phase of the change process. Also, the Bank's new development paradigm includes important features designed to reinforce the partnership culture, including identification and dissemination of good practice and lessons learned, and investment in monitoring and reporting on progress in development partnerships.

- **Internal Organization.** Country directors will continue to be responsible for promoting aid coordination as part of the broader agenda of encouraging country leadership in strengthening both external and internal partnerships. Notably, in the context of countries preparing Poverty Reduction Strategies, country directors will work in partnership with client-country authorities and other donors in assisting countries in moving toward country-led aid coordination processes. The pace of this process will depend on country-specific conditions. The OPCS Vice Presidency will continue to take the overall responsibility on issues of policy harmonization with other MDBs, bilateral aid agencies, and client countries, with other units taking the lead in their specific areas of accountability. OPCS will be responsible for reporting progress on in-country aid coordination, disseminating best practice among country directors through its country strategy thematic group, and providing support for country directors and their teams for strategy development and capacity building for country leadership. Within OPCS, the CDF secretariat is drafting a new Operations Memorandum on the CDF, which will cover development partnership and will support its implementation and monitoring. As part of that work, the CDF secretariat will assist country teams that are helping countries take leadership in development partnership, including aid coordination. The work will include formulating strategy for development partnership and government capacity building for country leadership. The CDF secretariat will also promote and disseminate best practice on these issues through various channels—directly in its own work with country teams and through the country strategy thematic group. The secretariat will also maintain the Consultative Group (CG) database to track key aspects of CG meetings, plus the extent, responsibilities, and schedules of subgroups established.

**Conclusion**

Success in aid coordination has proved elusive in the past, but Management believes that a consensus for change—among the MDBs and bilateral donors, and within countries themselves—has been building over the last few years. However, change takes time, and on-the-ground results will materialize only if there is genuine partnership among the actors and greater capacity on the part of the countries. The Bank is committed to doing its part. The ongoing work on the CDF, its operationalization through PRSPs, and the harmonization with MDBs, bilaterals, and client countries are efforts that can be expected to facilitate
significant, albeit likely gradual, change toward country leadership of aid coordination. Supporting this effort at the institutional level, the Bank has in place the policies and structures needed to promote effective partnership, implement cultural change, and enhance information dissemination and reporting.
## MANAGEMENT ACTION RECORD

**Review of Aid Coordination and the Role of the World Bank**

<table>
<thead>
<tr>
<th><strong>OED Recommendation</strong></th>
<th><strong>Management Response</strong></th>
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<tr>
<td>(1) Update operational policy to ensure that Bank program and staff resources are aligned with CDF principles in support of country leadership of the management and coordination of aid resources, by June 30, 2001.</td>
<td><strong>Agreed.</strong> An Operational Memorandum on the CDF is under preparation for issuance before the end of FY01. It will cover all aspects of the CDF, including development partnership, and will replace OD 14.30, Aid Coordination Groups.</td>
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<td>(2) Each Bank country team or department that supports a CG or similar mechanism considers (in consultation with the government and other partners, and in consideration of capacity and commitment) inclusion of an explicit strategy intended to help the country move toward aid coordination leadership in the next CAS (or update) and/or PRSP.</td>
<td><strong>Agreed.</strong> The Bank is moving in this direction, and it is an important part of the Joint Staff Assessment (JSA) and Country Assistance Strategy (CAS) development process. However, the pace should be set on a country-by-country basis after taking into account all development priorities. Specific actions being taken to improve country leadership and enhance Bank guidelines are outlined as follows: (a) The Bank supports the overall effort toward country leadership of aid coordination, including leadership of CG meetings. The pace at which countries assume this responsibility will depend on country circumstances, but the Bank is committed to country leadership as early as feasible. Progress has been documented, notably in Latin America and in some CDF pilot countries. There are promising examples in Ghana, Uganda, Tanzania, Bolivia, The Philippines, and Vietnam. Examples of good practice will be collected and disseminated through the country strategy thematic group. However, success will depend ultimately on the extent to which donors align their support mechanisms and procedures. (b) The PRSP guidelines and sourcebook (<a href="http://www.worldbank.org/prspstrategies/index.htm">http://www.worldbank.org/prspstrategies/index.htm</a>) emphasize the importance of country-led processes even though it is likely that the first full PRSPs developed over the next year or so will contain full blown strategies for countries to move to leadership in aid coordination. Nevertheless, the Bank proposes to strengthen its references in the JSA Guidelines and the PRSP sourcebook on the need for aid coordination strategies. For example, in the future, JSAs will be expected to document the actions taken by country leadership to improve coordination. The OPCS (now OPICS) <em>Note on Enhancing Board Discussion of Country Assistance Strategies</em> (R99-228/2, May 22, 2000) states that CAS should discuss the roles of key partners, coordination among them, and implications for the Bank’s program, including Bank support for capacity building for local donor coordination efforts. This provision will be monitored through the CAS retrospective. CAS guidelines, currently being updated, will reflect the new Development Partnership guidelines on helping countries move to aid coordination leadership.</td>
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<td>(3) Submit report to Committee on Development Effectiveness (CODE) for review by June 30, 2001, reflecting the following: (a) DAC/UNDP/P/Bank Joint Partnership Group</td>
<td><strong>Agreed.</strong> However, the FY01 OPCS workload precludes delivery of a report. OPCS will report to CODE in FY02 on progress on aid coordination aspects of development partnership. The report will include the following: (a) The Joint Partnership Group is one of many Bank partnerships that have the capacity to enhance aid coordination. The Bank will continue to pursue partnerships with UNDP, UN Development Group, other UN agencies, OECD/DAC, regional development banks, various MFIs (for public sector lending) and international financial institutions (for private sector activities), and bilateral and regional institutions. By reporting time to CODE. It is likely that the recently established OECD-DAC Task Force on Harmonization of Donor Practices will have subsumed the activities of the Joint Partnership Group. It would be more appropriate to report on its outcomes. (b) Capacity building for aid management comprises many similar elements required for good public sector management—financial reporting and management, information technology, clear government responsibilities—where the Bank regularly provides support to client countries. (See Reforming Public Institutions and Strengthening Governance, A World Bank Strategy, <a href="http://www-worldbank.org/prem/prmgs/publicsector/strategypaper.htm">http://www-worldbank.org/prem/prmgs/publicsector/strategypaper.htm</a>). Additionally, aid management requires negotiation skills, economic and social analysis, and diplomacy. Management is currently working to strengthen country capacity within several partnerships, including the Joint Africa Institute (with the African Development Bank and IMF), PACT, and partnerships with the UNDP, regional development banks, and bilateral agencies. Within the Bank, the World Bank Institute plays a major role, and Institutional Development Fund grants are useful tools. Management will report in general on its efforts to promote capacity building for aid management. (c) The CDF secretariat will take the lead in monitoring progress in aid coordination aspects of development partnership. In the context of the CDF/PRSP, other aspects of development partnership are being monitored, and indicators focusing on development results will be selected. (d) Working in partnership that aims to support country ownership and leadership of aid coordination calls for a continuation of the ongoing adjustment in Bank culture and upgrading of staff skills. HRS and other Bank units, in consultation with the Regions, have undertaken a review of training and development to ensure they promote the necessary staff and client skills. An action plan based on this review has been developed and activities are underway to support the rapid growth of CDF/PRSP initiatives. The FY02 report will reflect on progress.</td>
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<td>(b) Bank/UNDP coordination on capacity building</td>
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<td>(c) Monitoring and benchmarking of progress in partnership</td>
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<tr>
<td>(d) Training and development on partnership, negotiation, facilitation, and listening skills</td>
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Annex 8

Report from the Committee on Development Effectiveness

The Committee met on November 10, 1999 to discuss the OED report Review of Aid Coordination and the Role of the World Bank (SecM99-709). In view of the upcoming DAC seminar on Aid Coordination to be held in Paris on December 6, the Committee agreed to take up the report in two stages, with the second stage meeting to be scheduled soon after the DAC seminar. The Committee emphasized the importance of senior level Bank management participation at the DAC seminar, reflecting the priority that the Bank attaches to improving management of aid. The Committee focused on the members’ preliminary reactions to the paper and listened to an oral presentation of Management’s Response. It also heard a report from the Chairman of the CODE Subcommittee on the discussion held the previous day on aid coordination with officials of UNDP and DAC.

The Committee welcomed the OED report noting that it is the culmination of a request by the Board for a review of the role and experience of the Bank in aid coordination. Committee members appreciated the candor of the report and were pleased that it had been prepared in parallel with UNDP’s report on aid coordination. Members endorsed the report’s findings and recommendations. Members noted that the report is necessarily a retrospective look at the actual state of coordination, and perceptions of the costs and consequences associated with prevailing practices among bilateral and multilateral development partners, and that officials of developing countries, donor agencies, and Bank staff alike had been able to speak for themselves through surveys, interviews and workshops conducted as part of the study. The Committee agreed that independent, objective assessment is critical to well-informed and thus well-founded reforms and that OED had provided such an assessment through a forthright report. The Committee also noted the positive changes that have taken place as OED has undertaken this work with respect to partnerships, including the Comprehensive Development Framework (CDF), Poverty Reduction Strategy Papers (PRSPs) and other initiatives. They emphasized the importance of considering the report’s findings and recommendations in this broader context and with an overall focus on poverty reduction. Members indicated that there was now a “window of opportunity” for major improvements in aid coordination. They emphasized a strategic global approach, looking for early wins, and moving on to more complex issues in a concrete and measurable fashion. This needs to be complemented by increased efforts to build country level capacity and partnerships agreements.

The Committee focused on a number of major issues including but not limited to:

Country Ownership. The Committee recognized the critical importance of country ownership and the need to develop a strategy and time frame for partner governments to take over aid coordination. While noting that some countries have overcome the barriers and are exercising leadership in aid coordination, the Committee emphasized that the extent of the barriers should not be underestimated. For example, the tensions between partnerships and ownership, the power imbalance inherent when one party is the benefactor and the other the recipient, and the need to reconcile country ownership with increased donor and citizen demands for accountability. Some members also noted both the importance and the complexity of developing country-led processes for involving other stakeholders, including civil society and the private sector, in aid coordination activities. In addition members recognized that there were issues around timing and sequencing and that all too often external deadlines can constrain ownership in partner countries as well as improved coordination among development partners. In view of all these circumstances, members agreed that it will be important to develop a clear understanding and some practical steps for progressively enhancing country ownership of aid coordination.
Capacity Development. The Committee recognized the critical links between capacity and ownership. In view of the opportunity costs involved, the members agreed that building capacity for aid coordination should be considered in the broader context of overall development management and public sector reform. Most members agreed with OED's recommendation to stop the use of Project Implementation Units (PIUs) except in exceptional circumstances because they undermine national capacity building. But some members asked what should be put in their place when there are local capacity constraints and stressed the need for countries and donor agencies to be more creative in fostering capacity. OED also clarified that the question was not so much to stop the use of PIU's but to find exit strategies for their use.

Harmonization of Donor Processes, Procedures and Instruments. The Committee emphasized the critical importance of harmonizing multilateral and bilateral donor processes and procedures with respect to financial management, procurement, reporting and other issues. Some members noted that harmonization does not mean that all partners should start using World Bank procedures and stressed that the aim should be to develop processes that are managed by national structures and through national procedures and budget cycles. Members also noted the importance of further harmonizing and consolidating donor business plans and analytical instruments and making greater use of approaches such as the sector program approach. They agreed that such harmonization and consolidation should help to enhance selectivity and reduce the administrative burden of aid coordination for recipient countries. However, concern was expressed that harmonization not occur around the lowest common denominator, and that we not lose sight of the value of diverse approaches.

Mechanisms for Aid Coordination. Committee members also agreed on the need to think through the evolution of mechanisms for aid coordination such as the UNDP Round Tables and the Bank Consultative Groups and to encourage country management of such aid group meetings. They also encouraged fresh approaches to aid coordination such as those being used for the Consultative Group to assist the Poorest (CGAP), the Cities Alliance and for some post-conflict situations. Aid coordination at the sub-regional level (e.g. Central Asia, Central America, Southern Africa) and related to economic integration should also be considered. But Committee members also noted that coordination of aid activities is often difficult to achieve within as well as between donors, that donors are driven by their own set of imperatives and accountabilities and that improved aid coordination will require much greater cooperation earlier on in the planning process and improved sharing of information.

Organization and Staffing of the Bank. Committee members stressed the importance for effective aid coordination of decentralization of the Bank's organization and activities. They welcomed the recent changes in this regard and noted the need for further decentralization, including of sectoral staff, as well as improved coordination across the Bank Group. Committee members also emphasized that Bank recruitment, training and performance evaluation must take into account the need for people oriented toward working effectively in partnership. In this context members noted that over fifty percent of Bank staff surveyed had indicated that they were not enthusiastic or neutral that an active government role was necessary for effective aid coordination. Members stressed the importance of better understanding the reasons for this skepticism, particularly given similar views held by locally based staff of other donor agencies, and whether views have begun to change as a result of the introduction of the CDE. At the same time members noted that the Bank needs to invest more effectively in staff development with respect to attitudes, incentives and approaches to aid coordination. The Committee also agreed that the Bank needs to revise its Country Assistance Strategy (CAS) guidelines to reflect an emphasis on aid coordination and its operational policies and procedures to take account of recent thinking and practices in aid coordination, particularly the CDF emphasis on partnerships and the Bank’s expanded presence in the field.

Next Steps. Following the DAC seminar CODE will revisit OED's recommendations and Management's Response, both of which are expected to be informed by the DAC discussion.

Jan Piercy, Chairperson
Endnotes

Executive Summary


2. In implementing the recommended approach, certain risks must be managed. For example, Consultative Group meetings have generated candid discussions between high-level donor and government officials. However, the experience of countries that have been moving to country-led processes shows that such contacts need not be lost.

3. The UNDP conducted an evaluation of the Round Table (RT) mechanism during the time of this review. Periodic consultations and a joint survey of other donor agencies have been carried out in a collaborative manner.

4. The Forum, “From Aid Coordination to Development Partnership,” was jointly organized by the OECD/DAC, UNDP and World Bank, and held at the OECD, December 7-8, 1999.

5. The thrust of the group’s emphasis is described in a note to the heads of multilateral members from Jean-Claude Faure, Chairman of the OECD/DAC, “Strategic Monitoring of Key Changes in Agency Procedures and Behaviour Needed to Implement Country-Led Partnerships,” October 30, 2000 (JCF(00)172).

6. A group of 30 representatives of multilateral financial institutions was convened by the Bank’s Vice-President for Operations Policy and Strategy (OPS) for a one-day “Forum on Operational Policies, Strategies, and Procedures,” February 1, 2001.

Résumé analytique


2. Dans la mise en œuvre de l’approche recommandée, certains risques doivent être gérés. Les réunions des Groupes consultatifs ont donné à lieu à de franches discussions entre les représentants de haut niveau des bailleurs de fonds et des gouvernements. Cependant, l’expérience des pays qui se sont orientés vers des processus basés sur le leadership national montre que ces contacts ne sont pas nécessairement voués à disparaître.

3. Le PNUD a effectué une évaluation du mécanisme de la table ronde pendant que le présent examen était réalisé. Des consultations périodiques et une enquête conjointe auprès des autres organisations de bailleurs de fonds ont été menées en concertation.

Resumen

1. Declaración de prensa de los ministros de cooperación para el desarrollo de Alemania, Noruega, Países Bajos y el Reino Unido. Utstein Abbey (Noruega), 26 de julio de 1999.

2. Al aplicar el enfoque recomendado, conviene tener en cuenta ciertos riesgos. Por ejemplo, las reuniones del Grupo consultivo han generado debates francos entre representantes de alto nivel de los donantes y los gobiernos. No obstante, la experiencia de los países que han ido aceptando procesos impulsados por los países revela que no se pueden perder esos contactos.

3. El PNUD realizó una evaluación del mecanismo de mesa redonda durante el tiempo de este examen. Se han llevado a cabo, en un contexto de cooperación, consultas periódicas y una encuesta conjunta de otros organismos donantes.

4. El Foro, cuyo tema fue “de la coordinación de la ayuda a la asociación por el desarrollo”, fue organizado conjuntamente por el CAD de la OCDE, el PNUD y el Banco Mundial, y se celebró en la OCDE el 7 y 8 de diciembre de 1999.

5. La orientación principal del grupo se describe en una nota a los jefes de los miembros multilaterales enviada por Jean-Claude Faure, Presidente del CAD de la OCDE, Strategic Monitoring of Key Changes in Agency Procedures and Behaviour Needed to Implement Country-Led Partnerships, 30 de octubre de 2000 (JCF(00)172).

6. El Vicepresidente de Políticas y Estrategia de Operaciones del Banco Mundial convocó a un grupo de 30 representantes de instituciones financieras multilaterales en un foro de un día de duración sobre políticas operacionales, estrategias y procedimientos (1 de febrero de 2001).
Chapter 1


3. One or more of these attributes is mentioned in OECD/DAC 1996; Pearson and others 1969; Picciotto 1998; and World Bank 1998e. A recent survey characterizes aid coordination as “a key dimension in the operationalization of the partnership concept” (Disch 1999: 1).


5. This and portions of other sections of Chapters 1 and 2 are covered in more depth in an earlier, unpublished interim report, “Aid Coordination and the Role of the World Bank. An OED Review (Phase 1)” (World Bank 1999a). This section also draws on Mason and Asher 1973: 510–28.

6. CGs were similar to the consortia, except that they did not involve any pledging to meet estimated foreign exchange needs. The difference between the two has gradually become blurred.

7. International NGOs are often viewed as donors by recipient countries, which is legitimate to the extent that they generate external resources independently of those channeled to them by official donor agencies.

8. Some examples are provided from documents of Japan, the World Bank, the UNDP, Sweden, and Ethiopia, as reported in Miyoshi and Fillip 1998:3; World Bank 1984: 3; UNDP 1996:4; World Bank 1998e: 33; and Fillip 1998: 76, respectively.


11. See, for example, Carlsson, Somolekae, and van de Walle 1997; Fillip 1998; Pavignani and Durão 1997; and van de Walle and Johnston 1996. Also see further discussion of aid coordination on a sectoral basis in Chapter 3 of this report.

12. This figure includes the 13 borrower countries that are members of the Bank-chaired Caribbean Group for Cooperation in Economic Development (CGCED). In addition, the Bank chairs donors’ meetings (13 reported in 1999) and investors’ conferences (three in 1998, but none in 1999).

13. RTs are usually held in Geneva, and generally occur less frequently than CGs. Governments and the UNDP jointly convene and chair RTs. Their original focus was to be on small, least-developed, land-locked or island countries of Sub-Saharan Africa and Asia. The projected heavy needs for technical assistance by these countries and the UNDP’s concentration on technical, as opposed to capital, assistance was thought to make for a good division of labor between the Bank and the UNDP. But both CG and RT countries in Africa tend to be low-income, highly aid-dependent countries.

14. The OECD organized and chaired aid group meetings for Greece and Turkey.

Chapter 2

1. The boxes in Annex 5 provide illustrative examples of evaluative levels and criteria for aid coordination. The most serious methodological issue here is that of attribution.Attributing a development outcome or impact to a given aid coordination activity can be difficult, owing to the influences of other potentially intervening factors. The review relied, to a considerable extent, on the informed judgments of experienced persons, expressed through questionnaires, interviews, and workshops. The case for attribution is then strengthened (or weakened) by comparing the alternative sources of evidence.

2. OECD/DAC 1986a; World Bank 1984, 1989a, b. These principles, guidelines, and recommendations have been reiterated and further elaborated in OECD/DAC 1998. Donors have expressed support for such principles for decades. The World Bank Annual Report for 1970 endorses the reported consensus of a DAC meeting calling for the “recipient government to take the responsibility for organizing and chairing local coordination meetings if it is able and willing to do so, with such assistance as it may feel it needs from the Bank, the UNDP, or other agencies.”

4. Incentives include the internal incentive structures of a bureaucracy (its values and reward systems) and the external incentives of market competition and the mechanisms for citizen voice or participation (World Bank 1998i: 9-10). Another set of recipient country characteristics that can have a bearing on aid coordination effectiveness includes the size of the country and its strategic or geopolitical significance. Other things being equal, the larger the country and the greater its strategic significance, the more likely it will be that donors will take aid coordination seriously. But these characteristics are seldom if ever amenable to deliberate modification. The desire of government officials to maintain the status quo has also been cited as an obstacle to country leadership (World Bank 1998e: 34). This is part of institutional capacity, broadly defined to include incentive structures.

5. Another donor characteristic is diversity and complexity of procedural and accountability requirements, which can also impede greater country leadership. However, it is plausible that the greater the development orientation, the greater the willingness of donors to harmonize procedural requirements. The same comment applies to the internal incentive structures of donor agencies that mitigate against coordination (World Bank 1998e: 34). Several replies to the joint questionnaire sent by the UNDP and the Bank to donors mentioned development orientation and procedural diversity as potential barriers to effective aid coordination.

6. OED data for 1998 suggest that mutual accountability is associated with a more mature relationship between the Bank and the borrower or other co-deliverers. Under effective mutual accountability, the partners jointly clarify and set (i) goals and responsibilities; (ii) performance expectations that are balanced by commensurate resources of each party; (iii) credible reporting mechanisms to demonstrate performance achieved and what has been learned; and (iv) reasonable review and adjustment systems to ensure that feedback on the performance achieved and difficulties encountered can be recognized and corrected as necessary (World Bank 1998m: 43).

Chapter 3

1. Based on literature and document reviews, interviews, and OED field visits to Ethiopia, Ghana, and Vietnam (Evans and Battaile 1998) (also see box 3.8, Ethiopia’s Education Sector Development Program). A recent paper by Helleiner on aid relationships in Tanzania reports “dramatic change” at the macroeconomic management level, where the government is seen to have moved significantly toward the assertion and establishment of a degree of leadership over development programs . . . “hardly conceivable” . . . in 1995 (Helleiner 1999: 5).

2. A local donor representative interviewed by OED voiced a more critical observation. What was allegedly to have been a joint Bank-UNDP-government effort to develop a joint paper for the CG became two parallel papers, with the Bank insisting on giving prominent place to the paper prepared by its consultants, virtually ignoring the UNDP-government paper.

3. Some ambiguity in the terms civil society and private sector require clarification. Civil society refers to the not-for-profit sector; private sector to privately owned for-profit enterprises (and not-for-profit organizations intended to promote private sector interests, such as chambers of commerce). Civil society also includes other major groupings of organizations, such as religious bodies, professional associations, labor unions, community-based organizations, and non-profit educational and research organizations.

4. If the figures are disaggregated between civil society and the private sector, government respondents rated the latter’s participation somewhat higher than that of civil society; local donor representatives’ ratings were the opposite of government’s, but the difference between the two is marginal.

5. It appears that in-country CG meetings will decline in number from a peak of 7 in 1998 to 3 in 1999. Of the 209 reported Bank-chaired or co-chaired CGs (including aid groups, consortia, and development forums) held during 1992-99, 193 occurred in donor countries, with about 75 percent in Paris. In addition, there were 68 reported donors’ meetings and 9 investors’ conferences, also chaired by the Bank, but only 5 occurred in borrower countries. Despite some corrections, these data, which are reported by Regions to the External Affairs Vice-Presidency, probably contain additional errors. See Annex 2 for further discussion.
6. Although several respondents remarked on the difficulty of doing so.

7. In contrast to respondent views about resource mobilization, the facts are that real ODA per capita has declined, not only globally since the first years of this decade, but also for virtually all recipient countries individually. See table A3.2 in Annex 3. For a schematic presentation of aid coordination impacts, outcomes, outputs, “production process,” and inputs, see box A5.1 in Annex 5.

8. Drawn from OECD/DAC—Creditor Reporting System electronic database. Commitments are taken as a proxy for the number of projects. The former will exceed the latter to the extent that there are multiple commitments per project. Some projects, however, may be active for a number of years without a fresh commitment of funds.

9. The underestimation could be the result of several factors: (1) 6 of 22 DAC donors did not respond; (2) the consistency of response varies considerably from country to country; and (3) respondents may have chosen not to mention sectors in which they considered themselves not “most active.” Interviewees during OED country visits to Ethiopia and Vietnam reported up to 30 official donors in the health sector alone. The DAC sector exercise reports 7 donors active in the Ghanaian health sector, but DAC CRS data for 1994-96 show 12 donors having made commitments to the health sector in Ghana.

10. A recent Danish government report on development cooperation issues in Tanzania concludes that such practices often undermine government ownership (Helleiner and others 1995: 14). In the early 1990s there were a reported 15 such stand-alone projects in the health sector alone in Tanzania (van de Walle and Johnston 1996:49). Drawing from a review of donor experience in Africa, Berg concludes that technical cooperation in these circumstances “substitutes for and subsidizes government operating budgets,” and “misuses the technical assistance personnel resource, reducing its effectiveness for institution building” (Berg 1993: 213-14). The term wasteful competition was used to describe the situation in the Philippines Country Assistance Review (World Bank 1998g: 55): “Although past aid coordination by the Bank was praised by donors and government alike, there is much friendly but wasteful competition, especially in lending to the social sectors, and little reciprocal concern about other donors’ results.”

11. An attempt was made to examine systematically the frequency of Bank missions, but the only available database is for supervision missions. Since these are the product of multiple determinants, no obvious pattern emerged from the data. For example, there was no observable relationship between frequency of missions and location of the Country Director in the field.

12. A determined effort was made by a DAC working party in 1998 and early 1999 to untie with respect to least-developed countries, but owing to continuing reservations by several DAC members, the May 1999 High-Level Meeting did not announce significant progress. Nonetheless, it has been argued that generic problems, such as procurement tying, may best be pursued at higher-level forums, such as the DAC and the SPA, rather than at the country level (Lister and Stevens 1992: 43). However, as the recent evaluation of the SPA pointed out, linkages need to be strengthened between the SPA and such country-level forums as CGs and local coordination mechanisms (World Bank 1998h: 109-14). The issue is not one of either-or, but a need for both-and.

13. These prerequisites are drawn from a range of literature (in particular, Harrold and Associates 1995), as well as from interviews conducted during country field visits.

14. One respondent argued that effective aid coordination will have little impact on the level of ODA. Reduction of the latter has to do with donors' budget constraints. A more optimistic respondent noted that aid coordination is not expected to have an immediate effect on levels of ODA, but that it will contribute to long-term spending.

15. A change in mechanism to coordinate aid is to be formalized by a letter from the government to both the World Bank and the UNDP. World Bank/UNDP Aid Coordination Agreement, signed April 30, 1996 (para 5.2).


17. These responses were provided in writing by 14 local donor representatives and were also volunteered by several donor interviewees during country visits.

18. This is by no means a new problem for the Bank. As far back as 1984, the report of the Jaycox Working Group noted: "While the Bank is often looked to for leadership on coordination, our partners have not always found us the most cooperative institution with which to work. Sharing information, even with co-financing partners, has often been done reluctantly, if at all, and there are reports of arrogance in some Bank staff attitudes toward other donors and borrowers" (World Bank 1984: 13).

19. The Bank’s Operational Directive 14.30 draws attention to the efficiency of aid coordination activities when it calls for aid coordination groups to simplify and improve coordination among donors with, at times, competing demands and offers, and
thus reduce the burden on the recipient’s scarce staff time and resources and the inefficiencies associated with duplicative efforts (World Bank 1989a: para 6(f)).

20. The previously cited paper prepared for the Norwegian Ministry of Foreign Affairs makes a persuasive case for “operationalizing transactions costs [of delivering aid] so that they can be monitored (not necessarily measured at the cardinal level, but at least monitored for change over time) . . . [so as to have] . . . a measure of efficiency gains” (Dische 1999: 47). With regard to sectors, the greater diversity and room for differences over basic priorities (for example, the relative roles of the public and private sectors) in agriculture than in education and health may explain what would appear to be greater progress made by sector programs in the latter sectors than in the former (Jones interview 1999).

21. The previously cited review of aid coordination commissioned by the Norwegian Ministry of Foreign Affairs finds that on the basis of experience reviewed in Mozambique, Tanzania, and elsewhere, participants find aid coordination meetings limited to information sharing to be of only marginal use (Disch 1999:3).


23. NEX was introduced globally by the UNDP in the early 1990s.

24. The 1997 CAS for Côte d’Ivoire indicates that a PHRD grant was intended to support a new coordinating and monitoring unit for World Bank and U.N.-supported activities, to be fully integrated in government structure, and to have a long-term monitoring role. The Philippines Country Assistance Review identifies several approaches used by the Bank to help improve country aid coordination capacity (World Bank 1998g: 51-56).

25. Established in 1991 with support from the Bank and other donors, the Africa Capacity Building Foundation (ACBF) seeks to build regional institutional capacity in policy analysis and development management. The ACBF has become a component of PACT, although major shortcomings in administrative and financial management were identified in Bank audits in 1992 and 1994.

26. PERs for Tanzania have observed that donor resources are poorly integrated in the budget. The OED Country Assistance Evaluation for Tanzania (World Bank 2000a) deduces that virtually 70 percent of donor resources do not pass through the government budget. This is not meant to suggest that direct provision of aid by donors to civil society and the private sector should be precluded, but that all resources channeled through the public sector should be integrated with the budget process.


28. Recent reviews of sector programs in Africa come to a rather cautious conclusion about their potential for these reasons. See Jones 1997 and 1999, as well as World Bank 1998i.

29. One interlocutor noted that placing donor representatives with significant delegated authority in the field would reinforce the movement of CG meetings to the country, since representatives with greater levels of decisionmaking authority would already be located there.

30. Inadequate understanding by donor staff and consultants of the country in which they were working was also mentioned by several interlocutors during a country visit conducted for the review.

Chapter 4

2. Several such indicators are proposed for each of the eight factors, along with possible measures and measurement methods, in Aid Coordination—Moving toward Partnership: the Challenge of Measurement, (Discussion Paper, June 1999; see list of papers prepared for the review in the Bibliography).

Chapter 5
1. The forum, “From Aid Coordination to Development Partnership,” was jointly organized by the OECD/DAC, UNDP, and World Bank, and held at the OECD, December 7–8, 1999.
2. The thrust of the group's emphasis is described in a note to the heads of multilateral members from Jean-Claude Faure, Chairman of the OECD/DAC, “Strategic Monitoring of Key Changes in Agency Procedures and Behavior Needed to Implement Country-led Partnerships,” October 30, 2000 (JCF(00)172).

3. A group of 30 representatives of multilateral financial institutions was convened by the Bank's Vice President for Operations Policy and Strategy (OPS) for a one-day “Forum on Operational Policies, Strategies, and Procedures,” February 1, 2001.

Annex 1


2. This figure includes the 13 borrower countries that are members of the Bank-chaired Caribbean Group for Cooperation in Economic Development (CGCED). In addition to meetings chaired exclusively by the World Bank, CGs for about eight East European countries are chaired jointly by the Bank and the EU. CGs for Central America are chaired by the IDB, and for Papua New Guinea by the ADB.

3. Some adjustments were made in this group to take into account realities on the ground. Six countries in group one were moved to group two. These countries, although with ODA ratios below the 5 percent ceiling, are former members of the socialist block, and almost all are recent members of the Bank. Since these countries are in transition from centrally planned to free market, globalized economies, it is proposed, unless Country Departments think otherwise, that they be moved to group two.

Annex 2

1. Responses were received from 15 official donor organizations, including those for Austria, Australia, Canada, Denmark, Germany, Japan, the Netherlands, Norway, Portugal, and the United States, as well as the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, and the Inter-American Development Bank. The only international NGO responding to the survey sent by OED was Christian Aid of the U.K.

2. Expenses for the February 10–11 workshop, including participant travel costs, were supported by an allocation from the OED-SDC (Swiss Agency for Development and Cooperation) Partnership Trust Fund.

3. Mr. Marco Rossi, currently head of the Policy and Research Division of SDC, was seconded to OED in October and November 1998 and developed the design followed for the workshops. The OED review team has also drawn upon a very insightful paper, Aid Coordination and Aid Effectiveness, by Arne Disch, and commissioned by the Ministry of Foreign Affairs of the Norwegian Government (Disch 1999).

4. The aid group meetings included in the calendar are generally at the apex—or countrywide—level, rather than sector meetings—such as CGs, development forums, donors' meetings, investors' conferences, and the like.

5. For example, the December 1997 CG Meeting for Tanzania, held in Dar Es-Salaam, is not mentioned. The 1999 calendar shows a CG meeting for Croatia, a country for which there has never been a CG and for which one is not envisioned.

Annex 3

1. The fit of the curve to the data, as measured by the R² of 0.36, is relatively low, owing to the wide spread of observations at lower per capita income levels. Other measures of aid dependency include ODA per capita and the ratio of ODA to central government expenditures. While the magnitudes differ, a similar inverse relationship with GNP is observed and the country rankings are similar. Each aid dependency measure has its limitations. The ODA to GNP ratio was chosen because it is available for a relatively large group of countries and because it is the most widely employed measure. Its main limitation is that GNP in very low income countries tends to be underestimated. The Purchasing Power Parity (PPP) method of conversion to a common unit partially corrects for this, but PPP-adjusted data are not quite as widely available as data employing the Atlas method of conversion. The inverse relation of ODA per capita to GNP per capita is less pronounced than that shown in figure A3.1, owing to several outlier countries, while the relation of ODA to central government expenditures is more pronounced, but data are available for only 68 countries.

2. The “fully-loaded” cost includes fringe benefits and overhead. The figure for direct financial cost does not include services provided for Regional and Round Table meetings, which in FY98 were reported to be only about $0.5 million. See figure A3.3.
Annex 4
1. In some cases, the CAS was embedded in a Staff Appraisal Report (SAR) or Memorandum of the President (MOP).

Annex 5
1. Adapted from the Scorecard under the Bank's Strategic Compact.

Annex 7
1. Based on self-evaluations, Management has arrived at conclusions about the aid system and the Bank’s role in it that are broadly similar to those of OED. For the analytic foundations of the new approach, see World Bank 1998a.

2. For example, OPCS (then OPS) conducted a program of seminars and a workshop, Small States: Enhancing Effectiveness of Donor Assistance, at the 2000 Annual Meetings of the World Bank and IMF, Prague, September 2000.
Bibliography

The Bibliography is divided into three sections: External Literature, World Bank Documents, and Documents Prepared for this Review.

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The Drive to Partnership: Aid Coordination and the World Bank


World Bank Documents Reviewed


THE DRIVE TO PARTNERSHIP: AID COORDINATION AND THE WORLD BANK


Documents Prepared for the Review

All papers are available from the Corporate Evaluation and Methods Group of the Operations Evaluation Department of the World Bank (OEDCM).

7. Post-Conflict Reconstruction and Aid Coordination: The West Bank and Gaza Experience, OED Précis No. 186, by Barbara Balaj and Christine Wallich, Spring 1999. (Prepared in part for the OED review of aid coordination, and supported in part by OEDCM.)
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