

## Aid Effectiveness Report (AER)

Concept Note (January 2007)

*[number in bracket denotes P+H 2006 activity re-located to AER]*

### Foreword

- Introduce the new Aid Effectiveness Report concept
- Linked to NSDP, managing for results, global/national aid effectiveness work
- Making the most of multiple data sources (Database and DAC survey)
- Links to PFM – more forward looking (PIP and MTEF)
- Complementary database support to sector results-based management (MoWA, MoEYS, MAFF)

### Overview of 2006

- Main events (H-A-R, SFDCM, MDSP – new direction, CG, transition to CDCF, GDCC-TWG Review, Declaration, DAC survey)
- Revised 2006 ODA Database structure (Paris Declaration etc)
- Analysis of OECD/DAC survey – consolidated remarks on process and way forward
- N.B. JMIs to be discussed in separate document

Analysis	Commentary
Sector and TWG flow	2006 allocations, trends
Overall flow and trend	NSDP (Table 5.2) alignment, ODA/GDP and per capita ratios, regional comparisons?
DP flow	Trends – aggregate, by donor. Any noticeable trends?
Who, what, where	DP disbursements by sector – a DP division of labour?
DP fragmentation	Proliferation Index? – a donor division of labour?
DP partnerships – are new trends emerging, more cooperation?	Matrix (financiers on the top, implementers down the side) showing pass-through of funds from funding DPs to implementing partners. By \$ (and by project?) Graph of partnerships by sector.
Geographical flow (by sector)	Are needs different by province? (Map to MoP analysis/poverty profile)
Implementation arrangements	NGO partnerships – which donors use which NGOs, in which sectors? How does the data compare with or complement the NGO Database?
Modalities (10)	Trends in programme-based approaches etc
New loan financing	Basic debt sustainability ratios (Service/XGS, Stock/XGS – trends?). Terms of new financing?
TA	Where? How much? New aid modalities (PBAs) and new approach to meeting TA needs
PIUs (7/8)	How many, where are they, integrated/parallel etc? Monitor new ones as per the October 2006 Declaration
Paris Indicators (3/9)	Aggregate results. By sector. By DP. (Includes tied aid)
Missions & analytical work (11)	By sector, by month
Predictability (5)	Use 2005 DCR projections (CG pledging?) against 2006 actual. Analysis by DP & sector – absorption? Possible areas to focus on improvements?
Profiles (Donor and sector)	Donor and sector profiles (biggest 10 projects, type of support, PD indicator summary; largest 5 donors, largest projects by sector etc)

### Database and Structural Issues (technical note – possibly an annex)

- Data integrity/availability issues and database design
- NGO Database integration and on-line access
- Key outputs
- Links with line ministry systems
- One project – one record?

### H-A-R Implementation Report (see Annex 1)

- Based on 5 pillars of H-A-R and the Paris Declaration
- Use of TWG reports to GDCC supported by data
- Analysis to go "row by row" to assess progress
- Can we replicate Paris monitoring with the Database?
- Recommendations for updates post-CDCF, incorporation of identified indicators

- Propose shift to annual monitoring

#### **Issues in Aid Management (additional to H-A-R)**

- CDC as focal point – measures to strengthen this function and its added value to DPs
- An authentic ownership? How can RGC ownership be strengthened?
- Emergence of China
- Mutual accountability – what is it? How it might benefit Cambodia
- The use of TA and advisers in new aid modality environment – what does the data say?
- Prospects for Budget Support and PBAs - DP division of labour
- TWG capacity for more effective aid management – priorities (e.g. CDC-education partnership)
- PIU strategy – model of partnership based approach to problem solving
- Database to be used as a CDCF pledging format – deriving the same format from the data?
- Portfolio reviews – CRDB to begin training and undertaking – aid effectiveness audit?
- NOG and SOP (12) – implementation and use of national systems

#### **NSDP Financing (Forward looking data analysis)**

- New sector classifications based on NSDP
- PIP and MTEF (5/6) – forward looking data analysis
- Role of CDCF in aid coordination – links to TWG and GDCC
- Set out the future calendar of CDC – PIP – MTEF data links

#### **Conclusions - Aid management policy options**

- Modifications to H-A-R?
- Portfolio reviews to focus on "aid effectiveness audits"? And to enhance ownership and capacity.
- Joint Assistance Strategies – any value?
- Mutual accountability frameworks – useful tools?

## **H-A-R Monitoring**

Based on the January 2007 reports of the TWGs to the GDCC (and others from 2006), and paying particular attention to those TWGs that are identified in the H-A-R as having identified responsibility for activities. To include assessment/reflection on:

### **Ownership**

- Sector ministries and agencies develop NSDP-based sector plans, prioritized results-based programs, and a sector MTEF.
- The PIP is updated annually to feed into the national budget preparation process.
- Implement the Strategic Framework for Development Cooperation Management to strengthen the capacity of CDC/CRDB and sector ministries and agencies.
- CDC/CRDB provides technical support to RGC on aid coordination and aid management issues based on support requested by the Chair of the TWGs.

### **Alignment**

- Development partners review their strategies to align with NSDP priorities and sector plans.
- Development partners align with sector plans included in the PIP.
- MEF continues to implement the PFM reform program.
- Development partners and MEF establish mutually agreed framework to assess PFM and procurement systems.
- Each development partner provides to CDC/CRDB reliable indicative commitments of aid over a multi-year framework and disburses in a timely fashion.
- CDC/CRDB carries out a survey on PIU/PMUs, and develops a strategy to integrate in the government's structure. Implement the agreed strategy secure an agreement that no new parallels to be established
- All sector plans & projects include an assessment of the capacity gaps.
- Each sector TWG prepares and implements a capacity development program.
- Development partners provide financial support for the application of MBPI/PMG schemes.
- CDC/CRDB carries out a survey to collect information on the proportion of aid delivered through "untied-aid" modality, formulate and implement a strategy to increase the proportion of untied ODA.

### **Harmonisation**

- CDC/CRDB and development partners jointly set targets on the portion of ODA that is to be delivered through Program Based Approaches (PBAs) to be reached by 2010 in the framework of NSDP.
- Each TWG prepares a plan to increase delegated cooperation within their sector/thematic area.
- Each TWG prepares a calendar of field missions, diagnostic reviews and studies.
- Development partners provide an annual report to CDC/CRDB on progress made to implement their country action plans that have been prepared as part of the follow up to the Paris Declaration.
- Concerned ministries and donors develop, in consultation with stakeholders, a common procedure to strengthen EIAs at sector and national level and strengthen technical and policy capacity to carry out environmental analysis and to enforce legislation.
- Concerned ministries and donors develop common guidelines to tackle cross-cutting issues e.g. gender, HIV/AIDS.

### **Managing for Results**

- MOP develops and implements a framework to monitor the implementation of the NSDP and prepares an annual progress review of NSDP implementation.
- Development partners ensure that the Standard Operating Procedures (SOP) and National Operational Guidelines (NOG) are followed in monitoring and reporting.

### **Mutual Accountability**

- CDC/CRDB and development partners jointly assess and report on progress in implementing HAR.
- A review of the TWG mechanism.
- Development partners provide transparent and comprehensive information to CDC/CRDB on ODA flows (including contributions to NGOs) to enable integration into budget cycle.