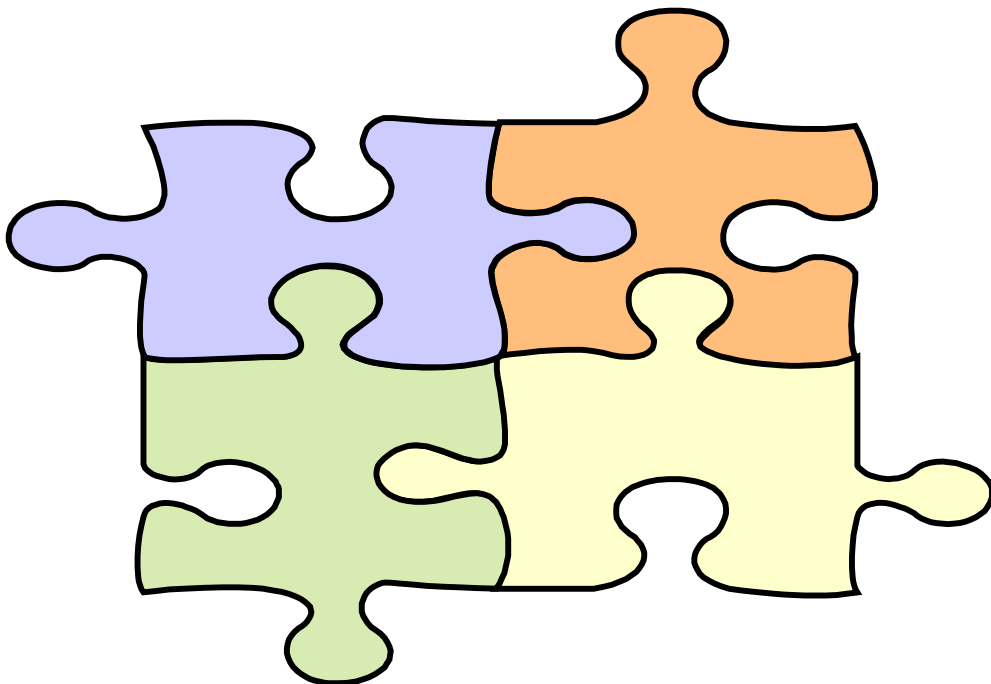


# HARMONISATION AND ALIGNMENT



## PORTUGUESE ACTION PLAN



## **Colophon**

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## Contents

1. Introduction.....	4
Part I.....	6
2. The Commitments .....	6
3. The International Background .....	7
Part II.....	9
4. The Action Plan .....	9
4.1. Between Donors and Partner Countries .....	9
4.2. Between Donor Agencies .....	10
4.3. Within Donor Systems .....	11

# Portuguese Action Plan for Harmonisation and Alignment

## 1. Introduction

This document follows up on Portugal's commitments before the international community to harmonise and align its policies, practices and procedures in such a way as to enhance aid effectiveness.

The aim of this Action Plan is to pursue a range of actions for implementation by Portuguese Cooperation, and thereby ensure that Portugal plays its part in rendering aid more effective and thus contributing to achieve the Millennium Development Goals (MDGs).

This Plan stems from an initial Internal Plan<sup>1</sup> on Harmonisation, which set out a number of tasks designed to raise awareness and promote DAC's *Good Practices Paper (GPP)*<sup>2</sup>. The most important of those tasks were:

- A summary document on Harmonisation (which included a Portuguese translation of the Rome Declaration and an overview of the Good Practices<sup>3</sup>).
- A workshop on Harmonisation.
- Distribution of specific questionnaires on Harmonisation to our Embassies and IPAD's staff, for subsequent analysis<sup>4</sup>.

This document will be widely and consistently publicised in order to ensure that each Portuguese Cooperation stakeholder observes and adopts the rules and procedures that are explained below. The adoption of Harmonisation procedures is not a closed or limited process. Any future inputs into this Plan designed to increase the adaptability of and simplify rules and procedures will therefore be welcomed and included in forthcoming reviews.

The adoption of Harmonisation and Alignment policies involves a gradual process of change in the way development cooperation is envisaged. If the awareness of every Portuguese Cooperation stakeholder is to be raised, it is necessary to contextualise this process. Accordingly, Part I of this document focuses on the conceptualisation of Harmonisation and Alignment, while Part II

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<sup>1</sup> The Internal Plan laid down a number of activities on Harmonisation. Under this Plan Portugal committed itself to publish its Action Plan early in 2005. The Internal Plan may be accessed at:

[http://www.ipad.mne.gov.pt/index.php?option=com\\_content&task=view&id=201&Itemid=221](http://www.ipad.mne.gov.pt/index.php?option=com_content&task=view&id=201&Itemid=221).

<sup>2</sup> DAC Guidelines and Reference Series: *Harmonising Donor Practices for Effective Aid Delivery*. May be accessed at: <http://www.oecd.org/dataoecd/0/48/20896122.pdf>.

<sup>3</sup> May be accessed at:

[http://www.ipad.mne.gov.pt/index.php?option=com\\_content&task=view&id=201&Itemid=221](http://www.ipad.mne.gov.pt/index.php?option=com_content&task=view&id=201&Itemid=221).

<sup>4</sup> This document is, to a large extent, based on the analysis of the answers to these questionnaires, as well as on the results of the workshop and various other inputs.

makes an analysis of Portugal's priorities and identifies the actions that are to be adopted within the broader Harmonisation and Alignment process.

## Part I

### 2. The Commitments

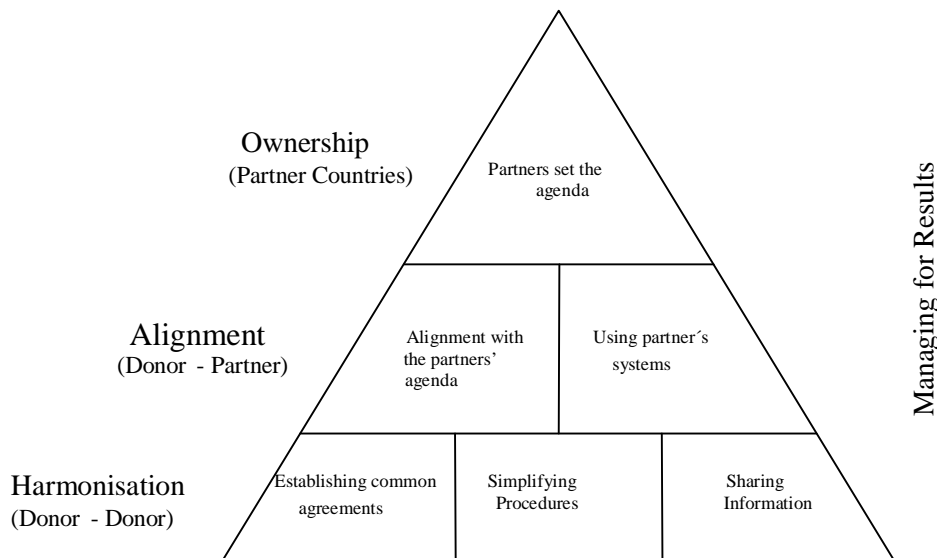
In the Rome Declaration Portugal and other Member States committed themselves to an ambitious programme, which can be summed up under three main levels: harmonisation, alignment and ownership.

**HARMONISATION** refers to donors' efforts to simplify aid delivery. To this end donors must: harmonise their policies, procedures and practices; intensify delegated cooperation; give their field offices more flexibility and decision-making capacity; and, within Portuguese Cooperation institutions, develop internal incentives that will foster the general recognition of the benefits of harmonisation.

**ALIGNMENT** concerns basing donor aid on each partner country's development strategies and priorities. It means that whenever donors provide aid, they will progressively use the partner countries' systems (promoting their capacity building whenever necessary in the process), instead of resorting to their own parallel systems.

**OWNERSHIP** by the partner country means that the donors recognise that the partner country must set its own development agenda, which should guide donors' actions.

Figure 1. Aid Effectiveness Pyramid



Source: DAC/OECD

### 3. The International Background

Within the framework of the Millennium Development Goals (MDGs)<sup>5</sup> to which the international community has committed itself, Harmonisation and Alignment are seen as processes that are essential to making aid more effective and thus in turn contributing to the pursuit of the goals themselves.

The Monterrey Conference<sup>6</sup> represented the end of a process, which the international community began, with the aim of reforming the international cooperation system. The “Monterrey Consensus” represents a renewal of the political will behind the MDGs, an approach to new strategies for fighting poverty, innovative sources of financing, new development partnerships, and also an emphasis on partners’ responsibility for their own development. This Consensus also includes a commitment to coordinate policies and harmonise procedures.

Acting via the Working Group on Aid Effectiveness and its subgroups<sup>7</sup>, the OECD published a document on Good Practices for Harmonisation and Alignment. Once adopted, these Good Practices are expected to lead to an improvement in donor country procedures that will promote partner ownership, thereby making it possible to increase their external aid management capabilities and reducing both the administrative burden and the transaction costs of aid delivery.

The *Good Practices* should cover three specific areas:

- **Good Practices between donors and partner government** - means harmonisation and alignment with partner’s priorities and procedures, which implies relying on partners’ aid administration systems. This will encourage the sharing of objectives and the clarification of expectations.
- **Good Practices between donor agencies** - means that donors must coordinate with one another, essentially to avoid overlaps and reduce the administrative burden on partner governments. This should improve transparency, responsibility, understanding and trust among donors.
- **Good Practices within donor systems** - involves the simplification of procedures and practices to strengthen partners’ capabilities and their ownership in tandem with the reduction of aid management costs.

The adoption of these good practices requires that policies and procedures of the various development cooperation stakeholders should be flexible, so that they can be adapted to each donor’s institutional and development cooperation characteristics.

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<sup>5</sup> Adopted at the Millennium Summit in 2000 by 189 UN Member States. May be accessed at: <http://www.un.org/millenniumgoals/> and [http://www.ipad.mne.gov.pt/index.php?option=com\\_content&task=view&id=221&Itemid=230](http://www.ipad.mne.gov.pt/index.php?option=com_content&task=view&id=221&Itemid=230).

<sup>6</sup> Conference on Financing for Development, Monterrey, March 2002.

<sup>7</sup> Particularly noteworthy is the work of the Task Team on Harmonisation and Alignment.

Following on from the conclusions of the Barcelona European Council, the European Union (EU) actively contributed to the debate on harmonisation. An Ad-hoc Group on Harmonisation was created, which recently presented an EU (Commission and Member States) Action Plan for Coordination and Harmonisation, approved by the GAERC in November 2004. This work will constitute the EU's contribution to the High Level Forum on Harmonisation and Alignment, which will take place in Paris in March 2005.



## Part II

### 4. The Action Plan

When it comes to implementing harmonisation practices, Portugal's priorities comply with the DAC's Good Practices Paper, the EU Action Plan for Coordination and Harmonisation, and the various inputs from Portuguese Cooperation stakeholders.

This Action Plan is intended to be both a reference and an operational instrument. Therefore, the actions it sets out are therefore exclusively the ones that Portugal considers implementable<sup>8</sup>.

They are presented according to the GPP structure, which identifies the following three working levels:

- Between Donors and Partner Countries.
- Between Donor Agencies.
- Within Donor Systems.

#### 4.1. Between Donors and Partner Countries

In order to ensure that development assistance really fosters partners' responsibility and their ability to implement cooperation policies, Portugal proposes to:

- Maintain a good level of dialogue and information sharing with its partners.
- Build its cooperation programmes on the basis of partner countries' Poverty Reduction Strategies or equivalent plans, in such a way as to respond to the needs and priorities identified by those countries.
- Build its cooperation programmes on a multi-year basis, in order to guarantee the necessary predictability of aid.
- Progressively align its programming with partners' budget processes, by implementing medium-term financial programming for aid.
- Concentrate aid on specific countries and sectors, in accordance with each partner's specific characteristics, thereby avoiding diversion and casuistic projects.
- Strengthen local training and the capacity building of partners' systems, with special emphasis on the so-called "fragile states", particularly at the level of:

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<sup>8</sup> This is not a closed process, so other measures are not excluded on condition that they are feasible.

- Governance, public finances, statistics, management and public administration.
- The drawing up of partners' sectoral strategies and the management of their programmes and projects.
- Create mechanisms that ensure private sector and civil society involvement in aid implementation.
- Whenever possible and desirable, employ new aid modalities, such as:
  - Direct budget support. In countries with suitable systems and a stable macroeconomic management, Portugal will stimulate the "budget support" modality on a multi-year basis.
  - Support for sectoral programmes, particularly in the Education and Health sectors (e.g. SWAP<sup>9</sup>).

## 4.2. Between Donor Agencies

In order to deepen coordination with other donors in an attempt to avoid duplicative work and reduce the administrative burden on partner countries, Portugal undertakes to:

- Reformulate and standardise the framework for preparing its cooperation programmes with partner countries, using the guidelines set out in the European Union's Common Framework for Country Strategy Papers.<sup>10</sup>
- Gradually develop (whenever it proves efficiency and reduces transaction costs) common procedures for monitoring programmes and projects; and develop joint evaluations with other donors or adopt the outcomes of other donor's evaluations.
- Publicise its strategic documents, its cooperation projects and programmes and other relevant studies, stimulating dialogue and information sharing. This can be done through IPAD's website<sup>11</sup> (with information both in Portuguese and English), and by using other *sites*, such as the World Bank's Country Analytic Work website<sup>12</sup>, the DAC's Harmonisation website<sup>13</sup> and the European Commission's site<sup>14</sup>.
- Whenever possible, increase participation in joint missions with other donors.
- Intensify coordination between Portugal's field delegations and those of the European Commission, the other Member States and other donors.

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<sup>9</sup> By definition, a SWAP (Sector-Wide Approaches) translate an approach to providing support to a sector policy (under the partner government's leadership), formalised by a process of donors and partners' coordination, a medium-term expenditure framework, a monitoring system, and whenever possible, common implementation systems for reporting and financial management.

<sup>10</sup> CFCSP.

<sup>11</sup> <http://www.ipad.mne.gov.pt>

<sup>12</sup> <http://www.countryanalyticwork.net>

<sup>13</sup> <http://www.aidharmonisation.org/>

<sup>14</sup> <http://www.europa.int/comm/development>

- Ensure a gradual coordination and complementarity among donors in common sectors, particularly by reinforcing the exchange of donors' technical assistance.
- Jointly with other donors, participate in aid modalities coordinated by donors and partners. This involvement should occur throughout the entire aid cycle – from its conception to monitoring and evaluation (e.g. negotiation, monitoring and evaluation of the budget support agreed between donors and the Government of Mozambique).
- Take part in regional and global programmes, namely in in Global Funds for Health and Education.

### **4.3. Within Donor Systems**

In order to harmonise procedures and allow for the necessary flexibility at cooperation structure and programming level, Portugal proposes to:

- Create a coherent set of procedures. Working in the light of the EU's Common Framework for Country Strategy Papers, Portugal will prepare standardised formats for its Indicative Cooperation Programmes (PICs), as well as for other documents, such as procedural manuals for monitoring and evaluating cooperation projects/programmes.
- Increase the number of joint missions undertaken by cooperation bodies, by ensuring that each body informs IPAD of its mission schedule in advance.
- Promote a decentralisation of competencies in a way that gives Embassies more decision-making capacity.
- Ensure a constant flow of up-to-date information between headquarters and the Embassies, with a view to a more efficient cooperation programme management.
- Reduce the number of individual reports by conducting joint monitoring missions.
- Improve coordination between Portuguese Cooperation stakeholders by using the existing formal mechanisms, namely the CIC (Inter-ministerial Commission for Cooperation) and the Cooperation Budget Programme, in order to foster coordination and avoid duplicative projects.
- Reinforce the role of the Portuguese Cooperation Budget Programme as the basic instrument for the medium-term financial programming of Portugal's development assistance.
- Gradually foster the building of partnerships with civil society and the private sector (Public Private Partnerships – PPP), and ensure that they are reflected in cooperation programmes.

- Publicise harmonisation issues on IPAD's website by disseminating reports, guidelines, good practices, the action plan and manuals. With the same objective, create links to partner countries and local non-governmental organisations websites.
- Continue awareness-raising and information initiatives on harmonisation and alignment (e.g. meetings, workshops).