



**Work-in-Progress: Not for Quotation**

**Title**                    **Special Evaluation Study on the Effectiveness of ADB's Approaches to Partnering and Harmonization  
Proposed Evaluation Approach**

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**A. Background**

**1. Context**

1. The Paris Declaration on Aid Effectiveness (the Paris Declaration) was adopted at the Second High Level Forum (HLF) held in Paris, 2 March 2005. This event has brought 90 countries, 26 international development partners, and 14 civil society organizations into a consensus of adhering to over 50 partnership commitments in five key areas: (i) ownership, (ii) harmonization, (iii) alignment, (iv) managing for results, and (v) mutual accountability. There was also a consensus on monitoring and evaluation of their implementation against 12 indicators of progress. The Paris Declaration has given international clout in increasing development effectiveness and in accelerating the achievement of the Millennium Development Goals (MDGs), agreed in the 2000 Millennium Summit.

2. At the conclusion of the Second Paris HLF, major multilateral development banks (MDBs) expressed their action plans: (i) Inter-American Development Bank (IADB) planned to identify key issues associated with the implementation of the Paris Declaration at country level; (ii) European Bank for Reconstruction and Development intended to support joint country analytical work; (iii) World Bank, United Nations Development Program, African Development Bank (AfDB) and Organization for Economic Co-operation and Development/ Development Assistance Committee agreed to jointly organize workshops in various regions that would aim at fostering cross country sharing and putting in place progress monitoring mechanisms; (iv) World Bank planned to pursue related actions both internally and externally; and (v) the Asian Development Bank (ADB) committed to include harmonization and alignment work in its 2006–2008 work program and to identify action plans for various developing member countries (DMCs).<sup>1</sup>

3. The milestones that led to the Paris Declaration included: (i) **Monterrey (2002)**—that called on developed countries to provide more and better aid linked to improved trade and debt policies, and developing countries to strengthen their commitment to policies and institutions that can stimulate growth and reduce poverty; (ii) **Rome High-Level Forum on Harmonization**

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<sup>1</sup> On 22 September 2004, ADB President authorized the regular updating of the ADB Action Plan on Harmonization. ADB's Strategy and Policy Department coordinates this regular updating every 6 months. It is currently updating ADB's January 2006 Action Plan on Harmonization.

(2003)—that committed to align development assistance with partners' strategies, harmonize donors' policies and procedures, and use good practice principles in delivering development assistance; (iii) **Marrakech Roundtable on Managing for Results (2004)**—that committed to align activity with desired development results by defining how support is expected to contribute to country outcomes and by strengthening countries' monitoring and evaluation systems to track progress and assess outcomes.

4. ADB's commitment to the above mentioned goals were expressed in the following strategies:

- (i) the **2000 Seventh Replenishment of the Asian Development Fund (ADF VIII)**—Development needs, development planning, and implementing programs and projects should be done through partnerships with governments providing the leadership (para 34);
- (ii) the **2001 Long Term Strategic Framework**—*“ADB will strongly emphasize, and is committed to, country-based coordination processes, such as the comprehensive development framework or similar partnership principles, depending on country circumstances. ADB will work closely with development partners (MDBs) to avoid duplication and ensure collaboration and complementarity.”* (para 67);
- (iii) the **2004 Eighth Replenishment of the ADF and Third Regularized Replenishment of the Technical Assistance Special Fund (ADF IX)**—Collaboration with the Bretton Woods institutions, specialized agencies of the United Nations, multilateral development institutions, and major bilateral development organizations to achieve development effectiveness; cover country level planning, implementation, analytical work, co-financing, as well as measuring and monitoring accomplishments in relation to the MDGs and other poverty-related indicators; encourage ADB to intensify inter-MDB cooperative agreements. The importance of aligning the processes and procedures of development partners at the country level was noted (paras. 26 and 27);
- (iv) the **2004 Enhanced Poverty Reduction Strategy**—*“ADB will further its collaboration with the International Monetary Fund (IMF), World Bank, United Nations agencies, and bilateral development organizations to include country strategy, project implementation, analytical work, co-financing, sector wide approaches (SWAPs), policy advocacy, and measuring and monitoring accomplishments in relation to the MDGs and to other poverty indicators.”* (para 40);
- (v) the **2006 Medium-Term Strategy (MTS II)**—*“ADB will strengthen its partnerships with other development partners in the [core] sectors. Partnerships can range from financing partnerships and cofinancing to sector-wide approaches, sharing of sector knowledge, and coordination of assistance and policy dialogue.”* (para 56); and
- (vi) the **2006 Financing Partnership Strategy (FPS)** is anchored on the **MTS II** and other related initiatives; the FPS entails a paradigm shift from co-financing focused on addressing financing gaps or settling administrative arrangements, to

proactively seeking financial solutions that add value to clients through knowledge and resources sharing.

## 2. Harmonization<sup>2</sup>

5. Harmonization is generally defined as making identical or minimizing the differences between standards or related measures of similar scope. It involves an agreement to change pertinent regulations and practices, to make those of different countries or institutions the same or more compatible. *In the context of development assistance, harmonization entails an agreement among development institutions and DMCs to reconcile or adopt common definitions, standards, processes and procedures involved in undertaking development initiatives.*

6. Efforts in harmonization, together with the other pillars of aid effectiveness (ownership, alignment, management for development results, and mutual accountability) as addressed in the Paris Declaration Partnership Commitments, are expected to contribute to improved design and implementation of ADB operations and to achieving the intended outputs, outcomes, and impacts. Consequently, development effectiveness can be enhanced and achievement of the MDG targets facilitated. It is expected that harmonization and alignment will result in more effective allocation and utilization of scarce development resources, a reduction in transaction costs, and improved development effectiveness.

### B. ADB Experience in Partnering and Harmonization

7. As of May 2006, ADB has engaged in partnership with 31 multilateral institutions, poverty partnership agreements with 23 countries, and grant and joint financing arrangements with 15 donor countries through Memorandums of Understanding/Letters of Interest/Agreements. ADB's collaboration with other development partners over the years has included: (i) analytical and sector work, (ii) assistance strategies, (iii) capacity enhancement and technical assistance, (iv) development policy support, (v) environmental and social impact assessment, (vi) financial management and accountability, (vii) portfolio performance review, (viii) procurement, (ix) project development, and (x) sector and program approaches.

8. ADB's partnering activities are based on established standard operations reflected in the Operations Manual (OM). Partnering in the context of co-financing has been practiced in ADB for many years, since 1977. However, partnering that entails harmonization as defined in the Paris Declaration, although mentioned in certain ADB operations documents, is a relatively new concept that continues to evolve. ADB's harmonization work has been borne out of a series of recent international and bilateral agreements, with the Paris Declaration as the main basis. Appendix 1 shows the OM provisions that relate to partnering and harmonization activities. This appendix provides a detailed outline of ADB partnering and harmonization activities with other donors at the country level.

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<sup>2</sup> **Harmonization** is making identical or minimizing the differences between standards or related measures of similar scope ([strategis.ic.gc.ca/epic/internet/inait-aci.nsf/en/il00003e.html](http://strategis.ic.gc.ca/epic/internet/inait-aci.nsf/en/il00003e.html)). *Deardorff's Glossary of International Economics* defines harmonization as: (i). the changing of government regulations and practices, as a result of an international agreement, to make those of different countries the same or more compatible; and (ii) in the case of tariffs, this means making tariff rates more similar across industries and/or across countries ([www-personal.umich.edu/~alandear/glossary/h.html](http://www-personal.umich.edu/~alandear/glossary/h.html) and [www.cbfishwildlife.org/glossary/index.php](http://www.cbfishwildlife.org/glossary/index.php)).

9. ADB has actively participated in various international conferences and roundtables that concluded with concrete and practical activities on aid harmonization, alignment, and managing for results. ADB also participated in the Working Groups to look into areas for improving harmonization and alignment, which were formed prior to the Rome HLF in 2003 and have expanded in number and scope: e.g., the Working Group on Capacity Development, Governance, and Anti-corruption that emphasize the importance of staff incentives to promote harmonization initiatives, as well as the shift from institutional policy agreement to regional and/or country and sector-level implementation of harmonization efforts.

10. In March 2006, ADB, the Department for International Development of the United Kingdom, and the World Bank co-sponsored the *Asia 2015 Conference: Building Partnerships to Promote Growth and End Poverty* held in London that focused attention on lessons from Asia's development experience and its challenges, the evolving role of partnership, and the need to increase its relevance and effectiveness to address the remaining challenges of poverty reduction. The 2006 Asian Regional Forum on *Aid Effectiveness: Implementation, Monitoring and Evaluation* was held at ADB headquarters. This Forum recognized (i) the importance of harmonization among donors, at strategic, programming and process level and (ii) that greater aid coordination including the division of labor among donors, based on their comparative advantage, strengthens aid effectiveness.

11. At the 13th Meeting of the MDB Roundtable on Harmonization held at IADB in Washington, D.C. (6 June 2006), the Working Groups on Environment, Evaluation, Procurement, and Financial Management and Disbursement presented their progress reports. A uniform framework for combating fraud and corruption is currently being drawn up.

12. With other development partners, ADB has co-sponsored regional workshops and/or forums related to aid effectiveness, such as (i) the *Pacific Regional Workshop on Aid Effectiveness and Harmonization*, held in Nadi, Fiji on 9–10 November 2005; (ii) the *Bishkek Regional Workshop on Harmonization and Alignment* in November 2004; (iii) the *Bangkok Regional Workshop on Harmonization, Alignment and Managing for Development Results (MfDR)* in October 2004; and (iv) the *2006 Asian Regional Forum on Aid Effectiveness: Implementation, Monitoring, and Evaluation* held in October 2006 in Manila.

13. The "Five Banks" (ADB, World Bank, Japan Bank for International Cooperation, Agence française de Développement, and Kreditanstalt für Wiederaufbau), have been working closely with the Government of Viet Nam on harmonizing, among others, procurement and safeguard-related areas. Harmonizing efforts are also being pursued in lending processes, with focus on achieving concrete and tangible outputs, and sustaining momentum of the ongoing efforts on procedural streamlining, capacity development, alignment to the Government's policies and use of country systems, as well as analytical and diagnostic work. An international roundtable on MfDR is planned for February 2007 in Viet Nam.<sup>3</sup>

14. Aligned with the purposes of harmonization and partnership, monitoring and evaluation activities done jointly among partner countries and donors have emerged to be a dynamic area of development cooperation. In the South East Asian region, ADB, the Japan Bank for International Cooperation, and World Bank are increasingly undertaking joint exercises to: (i) coordinate policy advice, (ii) work on portfolio reviews to identify and resolve common issues, and (iii) utilize common formats and procedures for fiduciary and safeguard requirements. Over

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<sup>3</sup> The international roundtable on MfDR is financed by SSTA 6326: Support for the Third International Roundtable for MfDR.

the past year, the three institutions have been working on a joint study on infrastructure development for growth and poverty reduction. Major advances have been made through joint consultations such as the June 2004 workshop in Bali, which brought together 120 senior policy makers, private sector investors, NGOs, and the academe. The three institutions are also coordinating closely on the reconstruction efforts in the tsunami-affected areas. The frequency of joint evaluation has significantly increased since the 1990s, especially in recent years.<sup>4</sup>

### C. Challenges

15. Commitment to the Paris Declaration poses some challenges, such as:

- (i) **Absence of standardized monitoring and evaluation methods and insufficient data sets.** ADB's endorsement of the Paris Declaration implies commitment to monitor progress and evaluate performance over time. Difficulties might be faced in tracking progress of ADB performance because, being at a formative stage, evaluation of aid harmonization in light of the Paris Declaration lacks standardized monitoring and evaluation approaches.
- (ii) **Increased Responsibility.** A number of DMCs have committed themselves to the Paris Declaration and more are expected to follow. Being the lead development partner institution in the region, ADB has the responsibility of helping countries move toward the targets. ADB could play a key role in addressing DMCs' implementation, monitoring, and evaluation issues, e.g., by (a) helping them establish mechanisms to monitor progress, and eventually evaluate the outcomes and impacts; (b) providing opportunities for cross-country sharing and exchange of experiences and lessons; and/or (iii) improving country systems to increase aid effectiveness.

### D. Rationale

16. ADB commits itself to carefully monitor its performance against the Indicators of Progress and targets set out in the Paris Declaration. As the lead development partner institution in the region, a clear appreciation at country level of ADB's status vis-à-vis the Paris Commitments is essential for assessing and evaluating aid effectiveness, as a means to increasing development effectiveness, and ultimately, achievement of the MDGs in Asia and the Pacific.

17. The growing breadth of partnering activities and their challenges make it imperative for ADB to gain a clearer view of the nature and effectiveness of its partnership arrangements. ADB needs to examine its scope, degree, implications, constraints, lessons, approaches, and practices in harmonization, and adherence with its related commitments under the Paris Declaration. The special evaluation study (SES) on the *Effectiveness on ADB's Approaches to Partnering and Harmonization* will contribute in the effort to fill this need. It will also provide a view about ADB's present situation at selected country levels in relation to harmonization with its development partners in the context of partnership as stipulated under the Paris Declaration.

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<sup>4</sup> (i) SES: Good Practice Standard for Country Evaluation of the Evaluation Cooperation Group (ECG) of the MDBs. ADB takes the lead. This joint evaluation involves AfDB, European Investment Bank, IADB, and the World Bank, totaling \$155,000. Phase I and Phase II will be conducted over a period of 2 years (September 2006 to April 2008); and (ii) SES: Joint Evaluation of Global Environment Facility (GEF) Project Process and Implementation of Selected ADB's GEF-Cofinanced Projects. Approved on 14 February 2006, for \$138,000.

## **E. Objectives and Scope**

18. The objectives of the SES are as follows:

- (i) examine the nature, scope, diversity, and degree of ADB's approaches to harmonization with DMCs and other development partners;
- (ii) conduct in-depth analysis, particularly in relation to ADB's efforts in establishing common arrangements and sharing information with its partners;
- (iii) assess the extent of achievement and effectiveness of ADB harmonization activities based on the Paris Commitments;
- (iv) identify key factors that enhance or constrain the effectiveness of ADB's harmonization practices; and
- (v) identify lessons and make recommendations as to which part of the broad spectrum of ADB harmonization activities can be used for effective partnering.

19. As one of the key signatories to the Paris Declaration, it is incumbent upon ADB to assess and evaluate its harmonization practices based on the Paris Declaration imperatives. Among others, the SES will use the harmonization commitments outlined in the Paris Declaration as the set of indicators in this assessment. These indicators are shown in Appendix 2.

20. The SES proposes to conduct case studies in DMCs that cover different sub-regions and have been implementing partnering and harmonization activities with approaches that are specific to the countries' context. Some have been the focus of distinct approaches to partnering and harmonization, such as the: (i) joint preparation of Country Strategy and Programs (CSPs) with other development partners, (ii) sector-wide approaches, and (iii) partnership for governance. The selection also takes into account the optimal achievement within the available SES budget. Depending on further discussions with related regional departments, the case studies would be conducted in Bangladesh, Indonesia, Viet Nam, and Samoa.

## **F. Conceptual Framework**

21. An illustrative conceptual framework for the SES is provided in Appendix 3. The framework is based on the Organization for Economic Co-operation and Development/ Development Assistance Committee Aid Effectiveness Pyramid where the SES will focus on harmonization, mainly on: (i) the establishment of common arrangements and (ii) sharing of information. The SES will assess the effectiveness of ADB's approaches to harmonization against this focus.

22. When conducting the assessment it is important to understand the key contextual considerations that influence the partnering and harmonization work of ADB as elaborated below:

- (i) The external ADB environment or the international community mainly comprises development partners, e.g. bilateral and multilateral donors, development agencies such as those in the United Nations System, international financial institutions, and participating DMCs with their own priority programs and systems. They conduct a series of international and regional conventions, fora, and networking on partnership and harmonization and put forward agreements, mainstream commitments, set international targets and goals, and monitor

implementation. This environment also includes issues and challenges associated with implementing various partnership and harmonization agreements both at the institutional and country levels. These are regularly reported and resolved through various working groups and discussed at regional forums.

- (ii) The internal ADB environment comprises the overall context and content of ADB strategies, policies, operating procedures, and institutional priorities as defined in the Long-Term Strategic Framework, MTS II, Enhanced Poverty Reduction Strategy, CSPs, and operational procedures as defined in the OM. They are continuously and regularly revisited to reflect and address global trends and conditions, contemporary issues and challenges at all levels of partnership, and harmonization in the Asian context.

23. ADB partnering and harmonization activities can be conceived of both as direct products of the two environments and as indirect results of the overall dynamic interaction between them. The list of Partnership Commitments grouped into areas of ownership, alignment, harmonization, managing for results, and mutual accountability are activities that may well be conceived as boundaries around which partnership activities may become effective. Likewise, harmonization, being a subset of and a means to improve partnering efforts, poses evolving challenges as a concept. As indicated earlier, efforts in harmonization, along with the other pillars of aid effectiveness addressed in the Paris Declaration, are expected to contribute to improved design and administration of ADB programs, projects, and technical assistance; and to effective aid delivery.

## **G. Approach and Methodology**

24. In preparing this proposed evaluation approach paper, the team leader has met and consulted with some members of ADB's Board of Directors and staff from the Strategy and Policy Department and the Office of Cofinancing Operations. Meetings and consultations were also held with development partners, such as the World Bank, IADB, Central for Global Development, United States Agency for International Development in Washington D.C., Canadian International Development Agency, Danish International Development Agency and the AfDB in Ottawa.

25. The SES proposes to conduct a two-phase study. The first phase will lead to the firming up of a set of systematic quantitative and qualitative indicators and evaluation instruments (see below). Thus, both quantitative and qualitative methods of data collection and inquiry will be employed, through triangulation of (i) literature and/or desk review and content analysis of relevant documents, reports, and publications; (ii) key informant interviews and discussions with ADB staff involved in joint efforts with MDB's and in the design and administration of programs and projects containing partnering and harmonization work; (iii) client satisfaction survey directed at development partners and DMC government partners; and (iv) case studies of selected ADB partnering and harmonization activities.

26. Literature review will focus on relevant documents on ADB partnering and harmonization including policies, strategies, technical assistance and loan documents, partnership or harmonization action plans, various relevant reports, Memorandum of Understanding or Letters of Interest, and publications including those that are products of joint efforts between ADB and its development partners.

27. The CSPs and CSP Updates such as that for Bangladesh from 2003–2006, for example, provide increasingly significant amount of partnering and harmonization work at the strategic level, which should be incorporated in the programmed loans and technical assistance. Country case studies will be conducted by gathering information from stakeholders such as other MDBs in field operations, the executing agencies, and target beneficiaries about the dynamics of partnering and harmonization practices and relevant lessons of experience. Appendix 4 provides the Evaluation Design Matrix for the SES. The matrix outlines the issues to be addressed, required information and sources, and the data collection methods and analysis to be utilized in the conduct of the study. This matrix will be refined during Phase I of the study.

28. Key informant interviews and consultations internally with ADB staff and externally with development partners will be guided by a semi-structured questionnaire. Key information about the extent, limitations, and constraints of ADB partnering and harmonization activities, including the perceived effectiveness of these practices at project level implementation will be extracted.

29. A client satisfaction survey will be undertaken on key partners in DMC governments (e.g., planning ministry, line ministries implementing projects, etc.) and in development partners (MDBs, international financing institutions, and bilateral donor agencies), particularly in institutions with which ADB has entered into partnership arrangements. A survey instrument will be developed for this purpose based on the specific Paris Commitments pertaining to harmonization and the Evaluation Design Matrix (Appendix 4). The survey instrument will employ a scale measure of satisfaction on specific indicators, and will also solicit qualitative comments from the respondents. The survey will help obtain an objective assessment from ADB's external stakeholders on the extent and quality of its partnership arrangements and on its level of compliance with the Paris Commitments.

30. The SES will engage two international consultants, one research associate, and research assistants cum translators in selected DMCs. The consultants' terms of reference is shown in Appendix 5.

## **H. Proposed Schedule**

31. The following schedule for the SES is proposed:

Approval of Proposed Evaluation Approach	November 2006
Completion of Phase I (Pilot Stage)	early/mid March 2007
Completion of Mission	early/mid May 2007
Director General's Review and Approval	August/September 2007

## **Appendixes**

- Appendix 1: Asian Development Bank Operations Manual Provisions On Partnership and Harmonization
- Appendix 2: Indicators of Progress
- Appendix 3: Conceptual Framework
- Appendix 4: Evaluation Design Matrix
- Appendix 5: Terms of Reference for Consultants