A Development Partnership Framework

Co-ordination and Harmonisation of Government and Donor Practices for Aid Effectiveness in the Republic of Moldova

May, 2006
Government and Donor Co-ordination and Harmonisation Development Partnership Framework, April, 2006

Preamble

We, the Government of the Republic of Moldova (hereinafter the Government) and Moldova’s Development Partners (hereinafter the Donors), whose representatives’ signatures are appended hereto, subscribe to the Principles, Processes and Procedures embodied in this Development Partnership Framework. The objective is to enhance aid effectiveness through Aid Harmonisation and Co-ordination, for the betterment of the Moldovan population, both individually and corporately, in achieving poverty reduction and the Millennium Development Goals (MDGs).

The spirit of this agreement follows from the work of the OECD/ DAC, the resolutions of the Monterrey Consensus (2002), the Rome Declaration on Harmonisation (2003), the High-Level Forum on Aid Effectiveness, and the Paris Declaration (2005).

The Government commits itself to the Principles, Processes and Procedures outlined below. It will take the lead through implementation of the Poverty Reduction Strategy (PRSP) and EU-Moldova ENP Action Plan (EMAP), provision of solid structures for promoting and strengthening aid co-ordination and harmonisation, political decision-making, and allocation of funds, personnel and time. It also welcomes the accession to this Development Partnership Framework of all donors who wish to support the co-ordination/harmonisation agenda, whether as signatory partners or not.

a) The **principles** refer to ideals promoting, through the leadership of the Government, strengthening of government decision-making. To this end, the alignment of donors' development efforts to national policies and implementation procedures is fundamental.

b) The **processes** refer to initial and intermediate stages of developing national strategies and policies such as reforms, reviews and capacity building processes, which constitute the framework within which aid co-ordination and harmonisation can take place.

c) The **procedures** spell out how to implement the various processes resulting in national policies. At the core of these activities lies Moldova’s Development Partnership Framework, and efforts aimed at donor/donor harmonisation.

On account of the foregoing, we the Government of the Republic of Moldova and the Signatory Development Partners commit ourselves to abide by this Framework and to monitor the performance of Harmonisation achieved on the basis of the indicators defined in Annex 1. However, existing bilateral/international agreements or similar arrangements or documents will take precedence over the Framework.
1. **Principles of Government and Donor Co-ordination and Harmonisation**

We commit to the following broad co-ordination / harmonisation principles:

1.1. Delivery of development assistance in accordance with Moldova’s needs and priorities as outlined in the EGPRSP and EC assistance programming documents related to EMAP.

1.2. Alignment with Government systems such as national budget cycles, public finance management systems and EGPRSP/MDGs/EMAP monitoring processes, where these provide reasonable assurance that co-operation resources are used for agreed purposes.

1.3. Working with the Government to address institutional capacity limitations and other constraints that prevent reasonable assurance on use of co-operation resources.

1.4. Reduction of transaction costs for the Government, review of the multiplicity of different donor missions, reviews, conditionalities and documentation with the aim of reducing transaction costs for the Government.

1.5. Promotion of co-ordination and harmonisation at all levels with the Government taking the lead role.

1.6. Working towards delegated co-operation ("silent partnerships") among donors at country level where it is possible legally and administratively and joint interventions at sector to thematic level etc.

1.7. Information is shared: the Government and Donors understand the commonalities and differences in our policies, procedures and practices.

1.8. Donors and the Government cooperate to build and maintain a common map of development aid (sectors and geographic areas of intervention) integrating at a highly significant level of information related to both GoM and ODA; A division of labour is based on the EGPRSP+EMAP themes and objectives, and is formatted as a Cooperation Framework.

---

1 The original definition of delegated cooperation by OECD/DAC covers a broad range of working methods: "...when one donor (a “lead donor”) acts with authority on behalf of one or more other donors (the “delegating” donors or “silent partners”). The level and form of delegation vary, ranging from responsibility for one element of the project cycle for a specific project (e.g. a particular review) to a complete sector programme or even a country programme."
2. Processes of Government and Donor Co-ordination and Harmonisation

The Government is committed to implementing the following key processes, as essential facilitators for aid harmonisation and co-ordination, which Donor partners will support and work with:

2.1. The EGPRSP/EMAP is an overall framework for national planning, identification of priorities and interventions for development, poverty reduction and achievement of internationally agreed MDGs.

2.2. Government monitoring and tracking of progress in the EGPRSP and assistance provided under the EMAP is realised using a single National Monitoring and Evaluation System, through sectoral and thematic advisory groups, and an Annual Progress Report using an agreed and appropriate mix of intermediate and final indicators.

2.3. Information on donor assistance is improved and integrated into the Medium Term Expenditure Framework (MTEF) process as part of ensuring that the budget preparation process is transparent, accountable, comprehensive, predictable and consultative, including the reporting of actual and planned financial flows.

2.4. Government implementation of the Central Public Administration Reform which includes the following:

- Reorganisation of central public administration
- Optimisation of the decision making process
- Improvement of human resource management
- Improvement of public finance management systems

2.5. Development of structures for promoting and strengthening of development co-ordination and harmonisation in alignment with the EGPRSP/EMAP.

2.6. Development of a Cooperation Framework that will provide guidelines and procedures to govern co-ordination and harmonisation, ODA agreements, technical assistance, and financial and accounting systems.
3: Procedures for Government and Donor Coordination, Harmonisation and Alignment

These are Procedures that the Government and the Donors will actively participate in formulating and implementing. It is recognized that not all Partners will be able to support each and every process, but will accept this as a monitoring framework for co-ordination and harmonisation as a whole, and as a guide to avoid duplicating or conflicting with government processes.

<table>
<thead>
<tr>
<th>No.</th>
<th>Objective</th>
<th>Status</th>
<th>Success indicator</th>
<th>Time frame</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1</td>
<td>Preparation of a cooperation framework on the basis of aid management capacity assessment</td>
<td>Current framework consist of several regulations but is not comprehensive</td>
<td>Cooperation framework completed and accepted; aid management capacity needs identified and improved government normative framework</td>
<td>December 2006</td>
<td>Office of the First Deputy PM</td>
</tr>
<tr>
<td></td>
<td>(A1.1) Assessment of Government’s capacity to manage aid</td>
<td>Existing products: Report by EU consultant and report in 2004 by UNDP. Planned consultancy from Latvia Terms of Reference for international consultancy are ready.</td>
<td>Management capacity needs identified</td>
<td>June 2006</td>
<td>Office of the First Deputy PM, Ministry of Economy and Trade, UNDP</td>
</tr>
<tr>
<td></td>
<td>(A1.2) Secretariat for Harmonisation and alignment created</td>
<td>Human resources available to support the H&amp;S are very limited</td>
<td>Secretariat created and supports the working group</td>
<td>End April 2006</td>
<td>Office of the First Deputy PM, Ministry of Economy, UNDP</td>
</tr>
<tr>
<td></td>
<td>(A1.3) Develop the tuned sector strategies (including division of labour) Mapping the presence of donors in terms of sectors and geographic areas of support</td>
<td>Draft partnership framework matrix available and can be used</td>
<td>Sector strategies completed and accepted. Sectors codification should be compatible with DAC codes, so as to facilitate reporting on CDA</td>
<td>December 2006</td>
<td>Sector Councils of Government &amp; donors + external support if needed</td>
</tr>
<tr>
<td>A.2</td>
<td>Joint strategic planning exercises leading to a common multi-year strategic plan, based on EGPRSP+EMAP related assistance</td>
<td>MTEF does not include all donor flows</td>
<td>Revised EGPRSP</td>
<td>End 2006</td>
<td>MET, and Ministry of Finance, Working group of donors and</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>A2.1 Joint strategy meeting following the PRSP progress report</th>
<th>PRSP progress report presented at the National Forum on March 23, 2006. Dialogue on development partners’ commitments stated. The Government requested the UN’s assistance in undertaking an MDG Needs Assessment. The results of the exercise will form the basis for the Joint Strategy meeting discussions and new EGPRS.</th>
<th>Joint strategy meeting results in clear, multi-year commitments from donors for the joint strategy</th>
<th>By June 2006</th>
<th>Selected Government officials and donors, with support of secretariat</th>
<th>The Office of the UN Resident Coordinator</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2.2 Donors-Government: Consultative group meeting</td>
<td>N/A</td>
<td>Government has clear picture on funding for development priorities</td>
<td>June/July 2006</td>
<td>Government and selected donors</td>
<td></td>
</tr>
<tr>
<td>A2.3 Multi-year plan elaborated.</td>
<td>Does not exist</td>
<td></td>
<td>End 2006</td>
<td>Working group of Government &amp; donors + external support if needed</td>
<td></td>
</tr>
<tr>
<td>A.3 Common MoUs/agreements in substantive programmes, including Sector-Wide Approaches (SWAs), incorporating procurement and financial management procedures.</td>
<td>Experience with census and PAR, joint fiduciary risk assessment and PEFA</td>
<td>Completion and number of donors acceding.</td>
<td>By 2008</td>
<td>Donors and respective policy bodies in the Government:</td>
<td></td>
</tr>
<tr>
<td>A.4 Establishment of an EGPRS/EUMAP related assistance monitoring system with relevant performance indicators and baselines.</td>
<td>There is no integrated system; there are 2 systems functioning in parallel.</td>
<td>Established a Government EGPRS/EUMAP monitoring system which GoM, donors and other stakeholders subscribe to and support</td>
<td>By end 2006</td>
<td>Ministry of Foreign Affairs and European Integration, Ministry of Economy and Trade, Ministry of Finance, Office of the FDPM, Bureau of Statistics Joint programme (SDC, UNICEF, UNDP) provides consultancy.</td>
<td></td>
</tr>
<tr>
<td>A.5</td>
<td>Co-ordination and streamlining of support to NGOs, incl. possibly common contract template, based on Government policy and/or legislation</td>
<td>The donors group on civil society has discussed some matters related to coordination and streamlining</td>
<td>Reduced number of overlaps/uncordorated support and avoid &quot;preferential treatment&quot;. Government has a framework to contract NGOs for provision of service and works</td>
<td>Mid 2007</td>
<td>Secretariat for the donors group on civil society, specialised consultant in NGO legislation, Office of the FDPM</td>
</tr>
<tr>
<td>B.1</td>
<td>Increased sharing of resources through pooled and parallel funding and use of delegated co-operation (&quot;silent partnerships&quot;)</td>
<td>Number of existing arrangements:</td>
<td>Increased number of &quot;silent partnerships&quot; and coordinated arrangements</td>
<td>By end of period</td>
<td>Donors - members of the working group</td>
</tr>
<tr>
<td>B.2</td>
<td>Firmer commitment of resources by donors, including on a multi-year basis</td>
<td>UNDAF 2007-2011 ready, IMF is negotiating an agreement with the Government. PRGF planned to be approved in May 2006. FRSC planned to be approved in year 2006 and EC assistance programming documents 2007-2013 to be adopted by end of 2006</td>
<td>Financial aid disbursed in due time according to established time frame</td>
<td>By end of period</td>
<td>Donors – members of the working group</td>
</tr>
<tr>
<td>B.3</td>
<td>Improved information on planned and actual resource flows for both GoM and donors. GoM to inform donors on format.</td>
<td>Min Economy and Trade collect information on a quarterly basis. Some information collected by Min Finance.</td>
<td>System established for information sharing.</td>
<td>Draft prepared by June 2006</td>
<td>FDPM office, with secretariat support, working group of donors; The Office of the UN Resident Coordinator</td>
</tr>
<tr>
<td>B.4</td>
<td>Improved integration of donor funds into GoM budget. GoM to inform on procedure.</td>
<td>MTEF does not include all donor funds</td>
<td>Maximal usage of the budgetary mechanism</td>
<td>By end 2008</td>
<td>Ministry of Finance Ministry of Economy and Trade, Central Public Administration, FDPM office</td>
</tr>
<tr>
<td></td>
<td>B4.1 Option: donors submit information to Minfin and Min Economy Working group on MTEF interacts with Min Economy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.5.</td>
<td>Reduction of number of bank accounts used to manage donor flows</td>
<td>Limited numbers of accounts exist currently. Public expenditure review reports</td>
<td>Transfer of Bank accounts from commercial banks to the treasury system</td>
<td>December 2009</td>
<td>Donors, Ministry of Finance</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>B.6</td>
<td>Increased use of Court of Accounts (CoA) for audit of donor funded GoM programmes. Sub-contracting by CoA encouraged.</td>
<td>CoA is not used by donors. Capacity development—significant for the CoA. This will enable them in the future to do audits. The legal framework envisages that audit is done for public resources only. UNDAF will use HACT from 2007 onwards</td>
<td>Reduced proportion of audits outside CoA responsibility.</td>
<td>2009</td>
<td>Government; bodies agreeing with donors on projects</td>
</tr>
<tr>
<td>B.7</td>
<td>Increased use of standard ToRs for audits.</td>
<td>World Bank uses standard terms of reference for audits. Individual donors have own templates for audit.</td>
<td>Standards formulated and used.</td>
<td>End 2007</td>
<td></td>
</tr>
<tr>
<td>B.8</td>
<td>Increased use of SWAPs as a mechanism for disbursing funds and improved dialogue.</td>
<td>Very few swaps; PAR, PFMP as SWAP.</td>
<td>Increased number of SWApS and participating donors.</td>
<td>End 2008</td>
<td>Government; leads the process; donors support the dialogue and definition of sectors</td>
</tr>
<tr>
<td>B.9</td>
<td>Increased use of Direct Budget Support (DBS) as a mechanism for disbursing funds and improved dialogue.</td>
<td>In the last several years there was no IMF programme; and this was an obstacle for increased use of direct budget support. FSP provided DBS through its programme.</td>
<td>Increased number of participating DBS donors.</td>
<td>End 2006</td>
<td>Government; and donors</td>
</tr>
</tbody>
</table>

**C. Procedures for Human Resource Management**

<table>
<thead>
<tr>
<th>C.1</th>
<th>Government and donors participate jointly in training programmes related to development management.</th>
<th>There are individual cases of training where donors and government officials participate together; overall limited involvement</th>
<th>System for information exchange on available training established.</th>
<th>End 2006</th>
<th>Ministry of Economy and Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>List of needs identified &amp; training opportunities identified. Information system on training opportunities managed by a secretariat/aid coordination unit? Linked to website?</td>
<td>Does not exist</td>
<td>System for information exchange established.</td>
<td></td>
<td>MoET with support from Secretariat</td>
</tr>
<tr>
<td>C.2</td>
<td>Agree on principles and practices of donor support to GoM allowances and salaries</td>
<td>There is no instrument to allow donors to support government allowances and salaries</td>
<td>Instrument agreed among GoM and</td>
<td>Mid 2006</td>
<td>FDPM, Ministry of Finance, Ministry of</td>
</tr>
<tr>
<td></td>
<td>3.1 Comparative analysis and support for the elaboration of the instrument</td>
<td>donors.</td>
<td>Economy and Trade May 2006</td>
<td>UNDP provides support through current projects</td>
<td></td>
</tr>
<tr>
<td>----</td>
<td>---------------------------------------------------------------------------</td>
<td>---------</td>
<td>---------------------------</td>
<td>-----------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>C.3</td>
<td>Agree on guidelines for remuneration of local consultants</td>
<td>UNCT agreed in February 2006 a revised scale of remuneration.</td>
<td>Guidelines established among donors.</td>
<td>September 2036</td>
<td>Working group of donors &amp; Government</td>
</tr>
<tr>
<td>D.1</td>
<td>Missions Schedule, to be co-ordinated at field and HQ level</td>
<td>Some coordination exercise happened in the last several years.</td>
<td>System for information exchange established. Then co-ordination/ reduction of duplication.</td>
<td>End 2006</td>
<td>Min Economy</td>
</tr>
<tr>
<td>D.2</td>
<td>Respect silent/mission free periods, as defined by GoM</td>
<td>Free periods do not exist Proposed: August and December</td>
<td>Period to be confirmed by GoM and adhered to by donors.</td>
<td>Mid- 2006</td>
<td>Government and donors</td>
</tr>
<tr>
<td>D.3</td>
<td>Monitoring of harmonisation efforts</td>
<td>Does not exist; Individual monitoring by every donor</td>
<td>Monitoring done in July and January</td>
<td></td>
<td>Government and donors</td>
</tr>
<tr>
<td>D.4</td>
<td>Participate in information sharing of reports, analytical work etc., through a GoM development web-site.</td>
<td>Government has website with IDEA database. Civil society group of donors have a development website. The Government website can be expanded and several blocks are included – mission calendar, etc. Donors and government will have access rights to introduce information</td>
<td>Web-site upgraded and translated and procedures agreed on.</td>
<td>End 2006</td>
<td>Government and donors</td>
</tr>
</tbody>
</table>
4. Implementation and Review Arrangements

4.1 This Development Partnership Framework will be a “dynamic document”, mainly in two respects: a) the contents of the Framework may change in the light of gained experience, and b) additional signatory partners may choose to accede to and sign this Framework.

4.2 A new forum, the Harmonisation Group, will be established. The Government and all donors acceding to this Framework will be members of the Group, and this Framework defines the agenda for the current work of the Harmonisation Group. The Group will build its work plan for the year described in Section 3 above, and will meet regularly at least once in 3 months.

4.3 The Government and the Harmonisation Group will periodically review the implementation of this Framework. Along with Office of FDPM/MoET/MoF representing the Government, two co-ordinating donors will be responsible for ensuring that the implementation of the Framework is monitored, and for arranging periodic reviews. The first such review will take place in January 2007, and the second is foreseen for September 2007. X Donor and Y Donor (assisted by Z Donor) will be the co-ordinating donors through to January 2007.

4.4 Additional meetings of the Harmonisation Group, outside of the periodic reviews, may be called by the Government and/or the co-ordinating donors described above as needed (4.2).

4.5 The responsible Government institutions and donor representatives identified under each procedure/activity in the matrix of Section 3 above may establish small working groups to take the various activities forward.

4.6 Allocation of donor responsibilities for leading the procedures/activities in the matrix of Section 3 will be decided at the first meeting of the Harmonisation Group.
We, the undersigned, hereby confirm our commitment to jointly work in accordance with the principles, processes and procedures set forth in this document in order to contribute to enhanced aid effectiveness and efficiency in Moldova.

Signed this day 29 May, 2006, in Chisinau

For the Government of the Republic of Moldova

Zinaida Greceanii

For the Swedish International Development Cooperation Agency

Hans H. Lundquist

For the IMF

Johan Mathisen

For the UN system

Bruno Pouezat

For the World Bank

Edward K. Brown

For the European Commission

Cesare De-Monfis

For the Department for International Development of the United Kingdom

Alta Skvortsova

For the UNICEF

Ray Virginio Torres
ANNEX 1 Harmonisation – progress and performance indicators

The following list of indicators commonly agreed upon by the signatories of the framework be subject to regular reviews conducted under the leadership of the GoM aimed at measuring progress achieved and or refining thereof.

PARIS DECLARATION ON AID EFFECTIVENESS, Ownership, Harmonisation, Alignment, Results and Mutual Accountability.

| OWNERSHIP | \[\begin{align*}
1 & \text{Partners have operational development strategies} - \text{Number of countries with national development strategies (including PRGs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.} \\
2 & \text{Reliable country systems} - \text{Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.} \\
3 & \text{ Aid flows are aligned on national priorities} - \text{Percent of aid flows to the government sector that is reported on partners' national budgets.} \\
4 & \text{Strengthen capacity by co-ordinated support} - \text{Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.}
\end{align*}\] |
| --- | --- |
| ALIGNMENT | \[\begin{align*}
5a & \text{Use of country procurement systems} - \text{Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.}
5b & \text{Use of country public financial management systems} - \text{Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.}
\end{align*}\] |
| HARMONISATION | \[\begin{align*}
6 & \text{Strengthen capacity by avoiding parallel implementation structures} - \text{Number of parallel project implementation units (PIUs) per country.} \\
7 & \text{ Aid is more predictable} - \text{Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.} \\
8 & \text{ Aid is untied} - \text{Percent of bilateral aid that is untied.}
\end{align*}\] |
| MANAGING FOR RESULTS | \[\begin{align*}
9 & \text{Use of consensual arrangements or procedures} - \text{Percent of aid provided as programme-based approaches.}
10 & \text{Encourage shared analysis} - \text{Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.}
\end{align*}\] |
| MUTUAL ACCOUNTABILITY | \[\begin{align*}
11 & \text{Results-oriented frameworks} - \text{Number of countries with transparent and measurable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.}
12 & \text{Mutual accountability} - \text{Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.}
\end{align*}\] |