

A Joint Guide for Strengthening and Using Reliable Country Procurement Systems

Nordic+ Procurement Group



Acknowledgements

This Guide is an updated version of the Nordic+ Procurement Group’s “Guide for Program Managers, Managers and Officers on Implementing the Joint Procurement Policy and Promoting the Use of Reliable Country Procurement Systems (2005)”. References used in this exercise are mostly documents produced for the High Level Forum on Aid Effectiveness held in Accra in September 2008 and other documents produced by the OECD/ DAC Joint Venture on Procurement.

The members of the Nordic+ Procurement Group have actively and constructively participated in the development of this Guide and are the process “owners”. Interested Nordic+ donor managers and staff are encouraged to contact their respective representative for questions or comments.

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1. Introduction

1.1 Purpose

This guide is the second one developed by the members of the Nordic+ Procurement Group: the first, in 2005, supported donor efforts in the context of harmonization and the Rome Declaration on Harmonization.

The purpose of this guide follows one of the recommendations concerning country systems in the 2008 Survey on Monitoring the Paris Declaration: “Donors should better equip themselves to meet their commitments on using and strengthening country systems” - and it can be added to better equip themselves to have constructive, frank dialogue with their donor and development partner colleagues, as well. This guide is intended to provide comprehensive, practical guidance on both strengthening and using reliable procurement systems.

1.2 Target audience

The guide is intended for operational managers and decision-makers, policy analysts, procurement specialists and field representatives of Nordic+ aid organizations.

It is intended also to be of interest and a reference to public finance specialists, results and performance specialists and auditors in donor organizations and the civil society and private sector communities in partner and donor countries. It will hopefully have a particular interest for colleagues responsible for managing and strengthening procurement systems in other OECD countries, in multilateral institutions and in partner countries. Hopefully, this guide will become a reference for joint learning and discussion between partner and donor representatives working on country systems.

1.3 Intended outcomes of its use

The guide is to accompany implementation of the AAA until the Fourth High Level Forum in 2011 and to support and frame a common approach to strengthening and encouraging the use of country systems during this period. The Guide's success as a tool and a process will be reflected by the final results in the last monitoring report of 2010. The guide should be reviewed and updated following the HLF4 to keep it relevant and to reflect evolving good practice.

2. Context

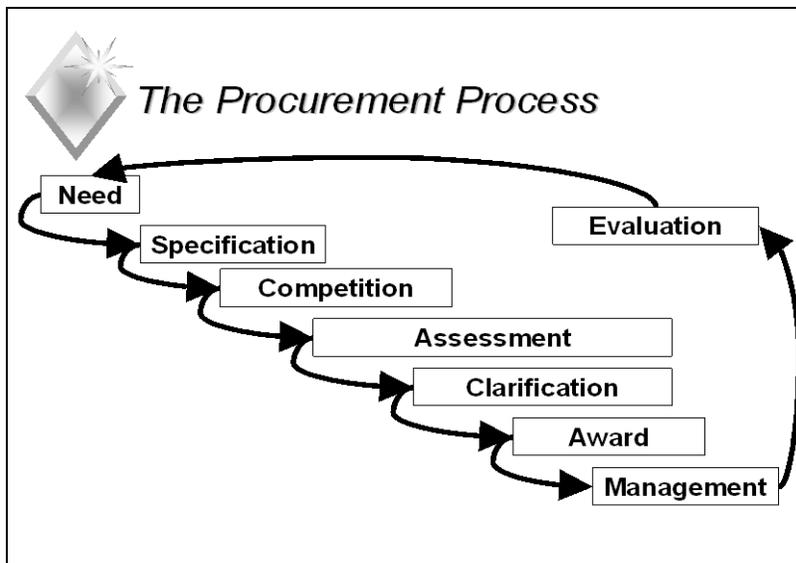
2.1 The procurement process

For most managers and field representatives, procurement “just happens”. Planning often focuses on the outcomes of a particular program – which is laudable and natural given the increased emphasis on management by results. Still, it is important to see that procurement is a major contributor to the success or failure of those outcomes and to know its key stages. The figure below presents the procurement process.

Good procurement (whether in the context of a project, a program or within an overall government system) is predicated on two principle aims:

- a) the use of equitable, fair, open, accountable and transparent processes and
- b) the cost effective use of funds, i.e. “value for money”.

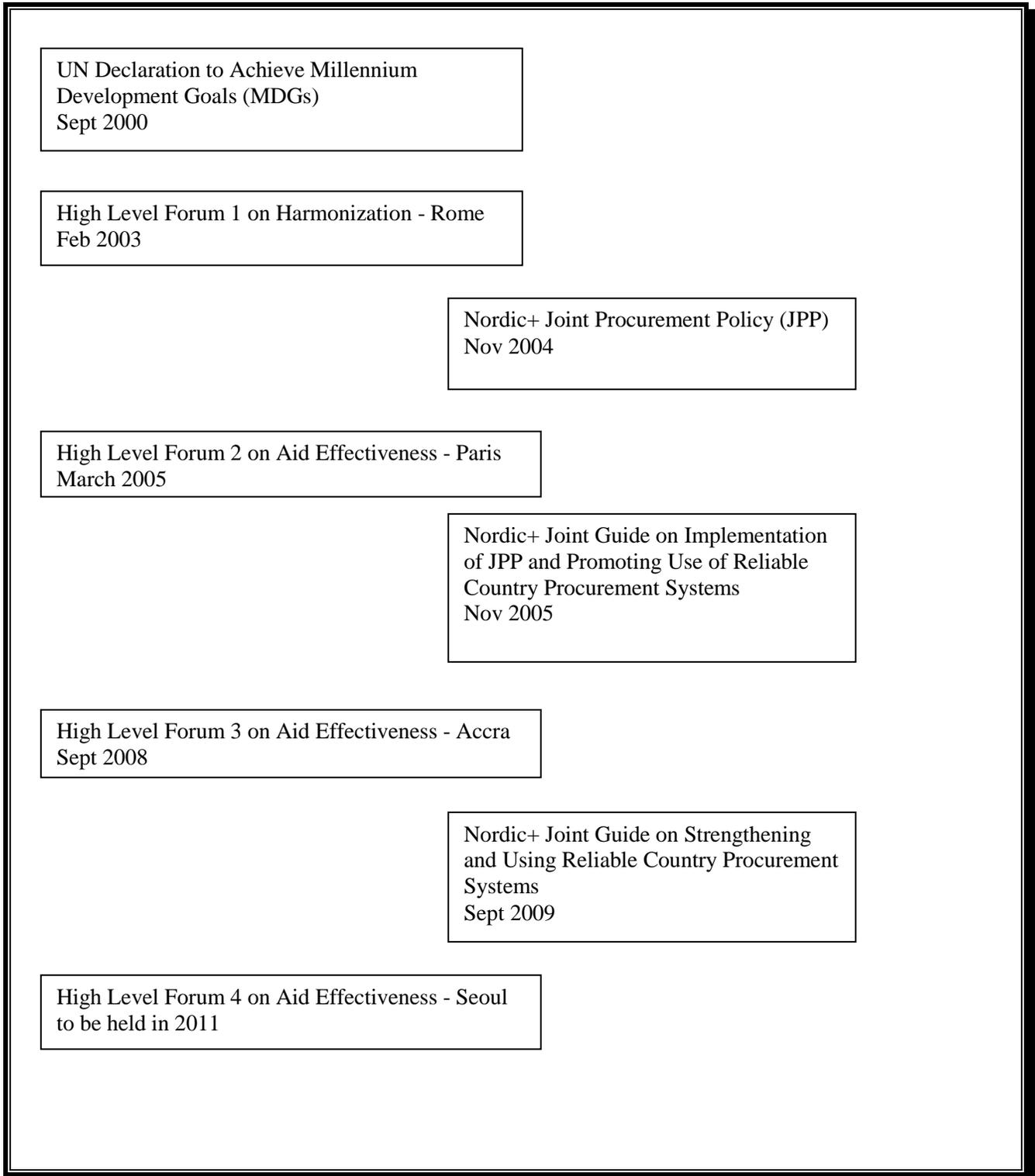
Figure 1: The Procurement Process



2.2 Development Milestone Events and Nordic+ Tools

For almost 10 years there have been a series of milestone events that are the international benchmarks for improving the relevance and quality of development assistance to reduce poverty. The most recent in the case of aid effectiveness was the High Level Forum at Accra in September 2008. During this period the Nordic+ Procurement Group has jointly developed and applied tools and guides to assist in moving the agreed policies and commitments forward. Figure 2 illustrates these parallel, linked processes.

Figure 2: International Milestones on Development Assistance and Development of Supportive Nordic+ Tools



2.3 Procurement and aid effectiveness: Achieving the MDGs

Aid effectiveness should be seen as one of the ways of achieving the Millennium Development Goals (MDGs) and other international commitments. It has to be managed in a way to be complementary to a range of other actions such as human rights, the environment and international trade. For example, progress in achieving MDG Goal 8, Develop a Global Partnership for Development, has two targets that are very relevant to strengthening and using country systems. Target 1 aims at addressing the special needs of the least developed countries, landlocked countries and small island states. Target 2 aims to develop further an open, rules-based predictable and non-discriminatory trading and financial system. Increased investor confidence in doing business in countries with transparent and fair procurement systems supports both real development in partner countries and the DAC trade policy objectives of increased, transparent competition. More reliable, transparent procurement lessens the risks of corruption and encourages investment and competition.

Effective procurement is an integral element of effective aid. Procurement is the vehicle by which the appropriate goods, services and public works that make up the inputs of development are obtained and delivered. Public procurement is the process by which budgets get translated into public goods and developmental outputs. For this reason, procurement is also the greatest area of concern for assessing fiduciary risk and preventing corruption.

2.4 JPP and aid harmonization

The Joint Procurement Policy (JPP)¹ was developed by the Nordic+ Procurement Group in 2004 as a tool to support a harmonized work plan in procurement and aid effectiveness aimed at the MDGs and poverty reduction. The JPP was built on work by the World Bank/ OECD-DAC Round Table on Procurement Capacity Strengthening, outlined the commitments made by Group members, provided input to further policy initiatives such as the Paris Declaration and created a base for future work such as this guide.

The JPP sets out the guiding principles for deciding who should undertake and be accountable for procurement irrespective of aid modality, forms part of the policy base of the policy dialog between donor and partner' describes a harmonized approach to capacity development and supports measures to adequately assess risk and safeguard accountability.

The JPP is based on four principles:

¹ Nordic+ Procurement Group, *Joint Procurement Policy*, 2004.

- i. Public procurement activities should ensure economy and efficiency while upholding the principle of equal treatment, transparency and zero tolerance towards corruption.
- ii. Whenever a partner country has the appropriate procurement capacity, and the partner and the donor have agreed to use the donor's funds for procurement, this procurement should be aligned to the partner's procurement system.
- iii. When procurement capacity is judged insufficient, donors will jointly support the partner's procurement capacity development to ensure harmonized support.
- iv. The entity that undertakes procurement should be held responsible and accountable for its actions and decisions.

2.5 World Bank/OECD-DAC Round Table on Strengthening Procurement Capacity of Developing Countries

From January, 2003, to December, 2004, an international forum of multilateral institutions, bilateral donors and partner countries from Africa and Asia worked under Co-Chairs from the World Bank and DFID to produce three Good Practice Papers: "Mainstreaming Procurement", "Procurement Capacity Development" and "Benchmarking, Monitoring and Evaluation". These three papers were published by the OECD/ DAC in a DAC Guidelines document² and tabled as part of the supporting documentation at the Third High Level Forum on Aid Effectiveness at Paris in March 2005.

3. The Paris Declaration, the Accra Agenda for Action and Country Systems

3.1 Introduction

The Paris Declaration on Aid Effectiveness is a landmark international agreement intended to improve the quality of aid and its impact on development. More than 100 ministers, heads of agencies and other senior officials from donor and partner countries and international organizations endorsed it in March 2005. It outlines an action-oriented road map with 56 commitments organized around five key principles: **ownership, alignment, harmonization, managing for development results and mutual accountability**. Its importance and potential impact is based on general and increasing frustration with the lack of concrete development results and an erosion of confidence and trust in aid regimes.

At the halfway mark between the endorsement of the Paris Declaration and the 2010 target date, the Third High Level Forum on Aid Effectiveness (HLF) was held in Accra, Ghana, on September 2 – 4, 2008, to accelerate implementation of these commitments

² OECD/DAC, DAC Guidelines and Reference Series, "Harmonizing Donor Practices for Effective Aid Delivery, Volume III: Strengthening Procurement Capacities in Developing Countries", 2005.

and reforms. The HLF brought together 1700 people, including ministers, heads of agencies, civil society organizations, parliamentarians and foundations from more than 125 countries and 30 institutions. The HLF built upon the most comprehensive consultation process ever undertaken to prepare a development initiative. A contact group of partner countries fed into the preparation for the HLF: regional consultations were held in Latin America and the Caribbean, Africa, the Middle East and in East, West, Central and South East Asia and the Pacific. Over 50 countries participated in surveys to identify priority concerns and actions and more than 3500 civil society organizations (CSOs) around the world were more actively involved than ever before. In Accra, CSOs held a separate event on aid effectiveness, challenging some widely held positions and stressing the need to address inequality as well as poverty reduction.

Ministers of partner and donor countries endorsed the Accra Agenda for Action (AAA) on September 4. It is recognized as a landmark document for the consultative process by which it was developed and for the senior political involvement and support it represents. The AAA provides a sense of urgency and has strong commitments from both donors and partners. The Monitoring Report for 2008³ provided evidence there is progress in implementing the Paris Declaration – but not enough progress in key areas. The objective of the AAA is to re-energize the process in order to accelerate results and to meet the targets by 2010.

3.2 Ownership and capacity building

One of the innovations of the Paris Declaration as a catalyst for development assistance is the positioning of partner country leadership as the most important overarching factor in ensuring commitment to the results of Paris. The way that measures are taken on alignment, harmonization, managing for development results and mutual accountability are often seen as practical tests of ownership. Donors have committed to respect this partner country leadership and to help strengthen their capacity to exercise it. The Paris Declaration and the Arusha Statement reinforce the fundamental importance of strengthening country ownership over its own development by means of strengthening governments' capacity to implement policies and manage public resources through its own institutions and systems.

At Accra, a broad-based understanding of ownership was agreed which explicitly committed governments to engaging with parliaments, local authorities and civil society. Capacity development figures prominently in the AAA in which capacity development should be demand-driven and designed to support country ownership. South-south and trilateral cooperation were highlighted for their potential benefits to this capacity strengthening.

3.3 Country systems include PFM, procurement and monitoring/evaluation

³ OECD/DAC WP-EFF, *2008 Survey on Monitoring the Paris Declaration: Effective Aid by 2010? What Will It Take*, 2008.

Closely linked to the commitment to country ownership is the commitment to alignment, which includes the largest number of action areas in the Paris Declaration and 15 of the 56 sub-commitments. The broad areas of action include:

- Donors align with partners' strategies
- Partner countries strengthen capacity with support from donors
- Strengthening and using reliable country systems
- Avoiding parallel implementation arrangements

Discussions during the Roundtable on Alignment at the Accra HLF concluded that progress toward greater alignment has been limited since Paris. Despite significant improvements in many country public financial systems that the 2008 Monitoring Report has documented, there has not been a reciprocal increase in donors' use of these strengthened systems.

It was also agreed at Accra that actual usage of a country system drives important factors of governance and development: it strengthens performance of the public administration and builds strategic partnerships with stakeholders under country ownership. However, it was again observed at Accra that a basic requirement for donors to fully use country systems is trust between donors and partners. Trust cannot be built unless partners give concrete proof of their commitment and donors relinquish control. Partners need to demonstrate evidence of strengthened and reliable country systems and donors need to openly assess the risks associated with using these systems, to publicly share their policy and to actually use the systems.

3.4 International and domestic accountability for development results

The Paris Declaration places strong emphasis on the need to improve accountability for the use of development resources. Assessing fiduciary risk and accounting for the results of procurement are also strong drivers for the management of public procurement systems. Procurement managers in partner countries (and in donor countries) are encouraged to promote independent reviews of their procurement regime based on evidence and data. It is especially important to engage parliaments and civil society as a means of supporting domestic accountability and citizen awareness.

Stronger mutual accountability is crucial to the behavior changes needed to achieve the other objectives of the Paris Declaration and the AAA. Major determinants of the effectiveness are mutual trust, and respect, shared values and objectives and supporting evidence from independent monitoring

3.5 Necessary changes to donor country behaviors around alignment and country systems: are the commitments, capacities and incentives in place?

The 2008 Survey on Monitoring identified several key findings based on the data from the 54 participating partner countries; one finding was that there has been uneven progress towards the Paris Declaration targets since 2005. The problem is, progress is not happening fast enough for all the targets to be achieved. This was highlighted at

Accra: “The vision exists. We know what needs to be done. But we are not doing it enough.”⁴ The Survey goes on to recommend that partners and donors systematically increase their joint efforts to strengthen and use country systems as a way of reinforcing country ownership, one of the areas where progress against the Paris targets is weakest. In fact, there are six of the 12 targets that are so behind in their progress that only serious and concerted efforts can perhaps achieve the target results; one of these six is the use of country procurement systems.

The Phase I Report of the Evaluation of the Paris Declaration⁵ observes from the data of country level evaluations⁶ and donor headquarters evaluations⁷ that there is broad political support by partner countries and development agencies for aligning aid flows with national priorities, usually expressed in clear commitments and formal measures to follow partner countries’ development plans and strategies. However, tangible political support and behavior changes among donors are scattered and shallow when it comes to concrete changes, such as building and using reliable country systems. In some areas, particularly the use of country systems, experience by both countries and their development partners argues for some flexibility and customizing of what are often interpreted as blanket targets and indicators from the Paris Declaration.

Overall, there emerges from the Evaluation and the Survey Report a picture of the donor side of willingness and active commitment in alignment processes at the level of formal commitments but less so at the operational level. New transaction costs and different demands on staff skills and time constrain real engagement and may need remedial action, at least during a transitional period. Active and sustained country leadership from the political level is the single most important pre-condition for alignment to move beyond formal commitments.

3.6 Partnerships: South / South, tripartite and regional cooperation; fragile and weak states and the private sector / CSOs

Since the High Level Forum in Paris in 2005, the variety and numbers of different forms of partnerships and their influence on the aid effectiveness agenda have dramatically increased. CSOs, practically absent in the Paris Declaration, formed a dynamic work stream that engaged, consulted and gave voice to thousands organizations around the world during the lead-up discussions on the draft AAA. A huge, parallel CSO event took place days before the HLF3 in Accra. Private foundations have become influential development actors, contributing innovative new approaches and significant amounts of financing.

⁴ “La vision existe. Nous savons ce qu’il faut faire. Mais nous ne le faisons pas assez.” Statement during the plenary on September 4 by Louis Michel, Commissioner for Development and Humanitarian Aid, European Commission.

⁵ OECD, “*Evaluation of the Implementation of the Paris Declaration: Phase One – Synthesis Report*, 2008.

⁶ Bangladesh, Bolivia, the Philippines, Senegal, South Africa, Sri Lanka, Uganda and Vietnam.

⁷ Asian Development Bank, Australia, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, New Zealand, the UK, and the UN Development Group (UNDG).

Regional meetings and consultation led by partner countries with strong local development partner support played an important part in the preparations for Accra. The four consultations on the HLF held in East Asia, East/ SE Asia, South Asia and Central/ West Asia during April – May 2008, is an example.

More partner countries are participating in South – South staff exchanges and study visits to share experiences and learn from each other; the World Bank has established a special fund to support these exchanges within regions and between regions. So-called tripartite cooperation involves funding support by donors for more expensive collaborations, such as technical cooperation workshops or long term secondments for which replacement workers are hired.

An issue of growing concern and attention is how to provide the appropriate support to states in fragile situations (“fragile states”) and states recovering from conflict or natural disaster. There is no universal definition of such states but definitions of fragility used by the DAC and several aid agencies emphasize the lack of capacity and willingness of the government to provide basic services for the benefit of all. The quality and availability of essential services, such as health care and primary education, is a key measure of good governance. Public services, delivered by means of public procurement, underpin the social contract between states and citizens and are an important indicator of a sustainable society.

These new aid effectiveness partnerships have multiplied to the point where the numbers of old and new participants at the OECD/ DAC Working Party on Aid Effectiveness (WP-EFF) since Accra is so great that an Executive Committee has had to be created in early 2009 in order for a smaller group to carry on the work of planning and coordination.

3.7 OECD/DAC Task Force on Procurement

The renewed Working Party on Aid Effectiveness

The meeting of the WP-EFF in November 2008 focused on the general mandate for the next biennium of 2009 – 2010, the revised membership as a result of the increased importance of new partners in aid effectiveness and a revised structure aimed at better delivering the outputs expected at the HLF4 in 2011. Approved at this meeting was the concept of “clusters” or the grouping of work streams under the areas of critical importance to implementing the AAA: ownership and accountability, strengthening and using country systems, transparent and responsible aid, assessing progress, managing for development results, health as a tracer sector and South – South Cooperation.

At the meeting on March 31 – April 1, 2009, the WP-EFF discussed the draft proposals for the mandates and structure of the clusters. The Country Systems Cluster, for example, includes procurement, public financial management (PFM) and monitoring / evaluation. Each Cluster was proposed to have a Donor Coordinator and a Partner Country Coordinator.

The agreed objectives of the Country Systems Cluster, for example, are to:

- i. Accelerate progress in donors' use of country systems
- ii. Facilitate the strengthening of country systems and effective locally-rooted capacity to reform systems
- iii. Better communicate the benefits of using country systems and involve a greater number of stakeholders in overseeing the strengthening and use of country systems.

To achieve these objectives, there are four tasks planned:

- i. Task 1: Using Country Systems
- ii. Task 2: Assessing the Quality of Country Systems
- iii. Task 3: Building Effective Capacity to Reform Country Systems
- iv. Task 4: Accountable and Results-Driven Country Systems

On May 6, 2009, the Executive Committee of the WP-EFF met and approved the revised cluster proposals in which the former Joint Ventures were re-named Task Forces. The same structures as the Joint Ventures were retained e.g. Co-Chairs, donor and partner countries and multilateral institutions are members and each would have its own work plan, aligned and supportive to the higher-level outputs of the cluster.

The Task Force on Procurement – the third generation procurement forum

The Task Force on Procurement is the third version of an international forum of procurement professionals and interested development practitioners that came together in January 2003 as the World Bank – OECD/ DAC Round Table on Procurement Capacity Development. The Round Table was made up of multilateral development banks, the UNDP, partner countries and DAC donors, mainly from the Nordic+ Procurement Group. The Round Table completed its mandate in December 2004 with the tabling of three Good Practice Papers on “Mainstreaming Procurement”, “Procurement Capacity Development” and “Benchmarking, Monitoring and Evaluation”. These papers were then published by the OECD/ DAC Secretariat⁸ and circulated at the High Level Forum on Aid Effectiveness at Paris, March 2005 by the DAC Secretariat.

The OECD/ DAC Joint Venture on Procurement (JV) was formed in 2005 in place of the Round Table with virtually the same membership and the mandate to be responsible to the WP-EFF for the procurement related aspects of the Paris Declaration. In 2006 the JV obtained approval from the WP-EFF to field-test the JV's Methodology for the Assessment of National Procurement Systems. Twenty-two volunteer partner countries from Africa, Latin America and Asia agreed to field-test the new methodology in late 2006. The JV delivered four training and awareness raising workshops in 2007 (in Nairobi, Yaoundé, Jakarta, and Paris) and one in 2009 in Cairo. Pilot countries were invited to share the results of these assessments with the DAC Secretariat in order for

⁸ OECD/DAC Guidelines and Reference Series, *Harmonizing Donor Practices for Effective Aid Delivery, Volume 3 – Strengthening Procurement Capacities in Developing Countries, 2005.*

the assessments to be posted on the JV's website. The JV website currently contains pilot and non-pilot assessment reports and summaries⁹. In May 2008 the JV published results to date from the use of the Methodology in the Compendium of Country Examples Volume 1 – Sharing Experiences¹⁰. This document will be updated periodically as new experience and lessons are documented.

At the last meeting of the JV that took place at Arusha in May 2008, 29 partner countries, 11 DAC countries and seven multilateral institutions discussed and endorsed the Arusha Statement. (See the annex). The Statement was JV's vision of the challenges facing the implementation of the Paris Declaration, in particular the continuing need for results on strengthening and using reliable procurement systems and the need for ongoing guidance, monitoring and support for capacity development.

In October 2008, the working group met in Paris to build a work plan for the next two years based on the commitments of the AAA and the vision expressed in the Arusha Statement. This proposed work plan was tabled at the meeting of the WP-EFF held in November 2008.

As a result of the decision by the Executive Committee on May 6 to proceed with a Country Systems Cluster, the working group of the new Task Force¹¹ met in Washington on May 14 and 15 and agreed on processes to identify and select a Donor and a Partner Co-Chair and confirmed the JV proposed work plan would become the work program for the new Task Force and would be aligned with the cluster's four tasks. The working group confirmed its intention to begin implementation of the work plan without delay as soon as the Co-Chairs were in place.

4. Strengthening Country Systems

4.1 The context: Public financial management and procurement reforms

PEFA¹² (the Public Expenditure and Financial Accountability Program) is a partnership between the World Bank, the European Commission, the UK's Department for International Development, the Swiss State Secretariat for Economic Affairs, the French Ministry of Foreign Affairs, the Royal Norwegian Ministry of Foreign Affairs and the International Monetary Fund. PEFA aims to support integrated and harmonized approaches to assessment and reform in the field of public expenditure, procurement (to a very limited extent) and financial accountability.

⁹ OECD/DAC JV Procurement website: www.oecd.org/dac/effectiveness/procurement.

¹⁰ OECD/DAC, *Compendium of Country Examples and lessons Learned from applying the methodology for Assessment of National procurement Systems, Volume 1 – Sharing Experiences*, 2008.

¹¹ The Philippines, Tanzania, Ghana, the UK, Denmark, Australia, the World Bank, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank and the UNDP.

¹² See www.pefa.org.

The goals of PEFA are to strengthen partner and donor capacities to assess the condition of country PFM systems and to develop a practical sequence of reform and capacity building actions aimed at:

- i. Strengthening country ownership
- ii. Reducing transaction costs
- iii. Enhancing donor harmonization
- iv. Allowing the monitoring of PFM performance over time
- v. Addressing developmental and fiduciary concerns
- vi. Leading to the improved impact of reforms

At present, the assessment methodologies developed by PEFA for PFM and the OECD / DAC for procurement are similar but not directly linked. The assessment results and the analysis should be discussed at the country level by donor and partner colleagues in order to combine the overall impact on strengthening public sector reforms and to enhance the effectiveness of the resulting capacity development strategies. Work is going on to establish a link between these methodologies and the results are expected to be shared widely in late-2009.

4.2 Planning an assessment with OECD/DAC methodology

- 1. Forming the team** - A qualified team of assessors is critical to the reliability and credibility of the exercise. Assessors should be seasoned public procurement practitioners with considerable knowledge of the institutional and operational aspects of the system and of internationally accepted good practice. The recommended number varies with the context: centralized vs decentralized procurement, whether state-owned enterprises are involved in addition to ministries, and whether procurement at the municipality or community levels will be included.
- 2. Preparing the stakeholders** - Why bother involving national and international stakeholders? Procurement systems at the national or sub-national levels involve many different public sector administrations that have responsibilities that impact on procurement or in which procurement takes place. Involving and consulting CSOs and the private sector in planning and assessing national procurement systems strengthens and facilitates trust and understanding on both sides. Involving international donors provides a concrete occasion to participate in and monitor an important governance exercise to ensure donor understanding and hopefully buy-in of the final results.
Many partner countries have used the practice of planning (and later on validation) workshops to engage with these stakeholders.
- 3. Collecting the data** - National assessors or data collectors working for the assessors should be responsible for collecting data in order to support national ownership and strengthen capacity. First, the plan of which entities will be asked to provide data and how this will be done needs to be

prepared. Samples can be **representative** (e.g. follow the total number of cases regarding defined criteria such as type, contract amount, national or regional levels, competitive vs non-competitive), **random** (which will need to be of sufficient size and from a known data base to be reliable) or **strategic** (sampling with criteria that are of particular interest e.g. for a specific procurement entity, the biggest procurement value entities or a particular region of the country).

Interview guides should be prepared for each data-gathering interview. For some stakeholders, such as the private sector or CSOs, a questionnaire format may be more useful to obtain the needed information.

4. **Agreeing on the scoring process** - A process by which consistency and transparency become the key characteristics of the scoring exercise is one that the assessors must agree on before they begin to score the data. The team has to agree on a single overall score for each sub-indicator for which evidence or substantiation is available

5. **Implementation of the diagnostic assessment**

- i. Analyzing the data – Assessors should begin this critical phase by ensuring the data collected reflects what was planned, is complete and documented and is reliable. The information obtained from questionnaires from the non-public sectors should also be verified as being complete and documented.
- ii. Using interviews as a source of data – Where there are not many reliable sources of information, such as perceptions of the private sector, interviews based on previously distributed questionnaires are a common tool.
- iii. Supplementing data where needed – It may well happen that a planned source of data may not actually provide the expected data or it may not be complete. In order to build a solid, transparent body of evidence, assessors should not hesitate to seek supplementary or complete sets of data, even with the longer time frame involved and possibly additional costs.
- iv. Coordinating with other government bodies – As discussed during the planning workshop, the assessor team will need to carefully prepare and carry out data collection with the involved procurement entities, especially those that may be in provincial governments or local authorities.
- v. Applying the scoring criteria – While the Methodology is a static tool, its use is dynamic and conforms to the country and the procurement system context. Difficulties in scoring should be discussed in the report, which is intended to record the actual process and the approach followed.

- 6. De-briefing the stakeholders** - The same stakeholders who were invited to the planning workshop are normally invited to review and comment on – and sometimes challenge – the draft results. The assessors should be prepared to present the evidence or proof for the scores. It might also happen they don't have the best data or information available and they could receive it during the workshop
The assessment team should always go into such validation workshops with a plan or approach to follow if agreement cannot be reached around a particular score and how this is handled after the workshop.
- 7. Preparing the report** – The following is the suggested outline (the narrative sections of the report are usually more useful in this exercise than the raw scores):

 - i. Executive Summary, highlighting the weaknesses and strengths of the system, their relative importance and the major risks.
 - ii. Introduction Section – the background of the assessment, its scope and any limitations.
 - iii. A section describing the country context and the economic context, the nature of public expenditure, the role of the national and sub-national governments, links to the budgetary and control mechanisms and the procurement system and its links with the rest of the public sector.
 - iv. A section on the setting of the procurement system and the key actors and their roles.
 - v. A section describing the findings of the assessment in relation to the indicators. This section also describes any programs or initiative the government is implementing or considering for donor support. The section should also describe the progress in strengthening the system since the last assessment.
 - vi. A section on the outstanding weaknesses in the procurement systems classifying them as high, medium or low risks, along with suggestions as to how to mitigate against these risks. This section will form the basis for a prioritized reform strategy intended to address the weaknesses.
 - vii. A final section should address other related reforms the government is now or will soon be implementing that could impact on the operations of the procurement system.

4.3 Validation of results with stakeholders

1. Discussions with key national stakeholders –
National stakeholders who have a public sector responsibility related to procurement (e.g. Finance, audit, Parliament), and stakeholders from the public and private sector that can provide information and data for the assessment should be involved.
Interested donors who are supporting procurement or public sector reforms including capacity building should also be included. Donors use the learning

and the experience of participating in such assessment exercises as an input into a recommendation to use (or not) the country's procurement system.

2. Donor validation –
The objective is to gather together all involved stakeholders, to present and discuss together the government's objectives and rationale for the assessment and to propose and discuss a role for stakeholders in the data collection phase and the validation of the results. The government also has the opportunity (if it wishes) at the workshop of re-assuring stakeholders and about being clear about how the results of the exercise will be used and how information and sources will be protected. Typically, international donor representatives focus on the justifications for the scores and scoring consistencies as their tests for reliability. This information is often used as an input to the donor's risk assessment of using the procurement system.
3. Finalizing the assessment –
Following the validation workshop and the input from domestic and international stakeholders, the procurement authorities finalize the results and the report. They often use the review and approval of the final report by ministers to keep the political level up-to-date on procurement reform and the important role procurement plays in the changes to the public sector.

4.4 Preparing the capacity strengthening strategy

1. Using the results to inform the development of a country-led capacity development strategy -
The UNDP's Procurement Capacity Development Center in Copenhagen has been a pioneer in linking the use of the OECD/ DAC Methodology to a capacity development strategy. The Center has assisted a number of countries (such as Malawi¹³) in using the Methodology to compare desired capacity to actual capacity.
2. Prioritizing the findings -
The weaknesses and the strengths of the system's capacities are identified and the gaps established. The root causes of the weaknesses are explored and identified with the stakeholder groups and are then prioritized.
3. Identify the key counterparts -
The actual development of a public procurement capacity development strategy will involve the collaboration between several key government ministries and units. A key consideration is the need for an integrated national strategy for public sector reform supported by a capacity development strategy that is funded as part of the national budget and Medium Term Expenditure Framework (MTEF). Coordination with other

¹³ OECD/DAC WP-EFF/ JV on Procurement, "Procurement Capacity Assessment and Strategy Formulation in Malawi, A Case Study", 2007.

relevant public sector reforms is critical e.g with a decentralization program to strengthen service delivery at the local authority level.

4. Develop a country-led Capacity Development Action Plan -
In addition to the Round Table Good Practice Paper on Procurement Capacity Development¹⁴ there is the very useful UNDP draft guide on procurement capacity development.¹⁵
5. Check the realism in the Plan, especially concerning the costs, the time lines and the expected results
6. Implementation -
For country examples of using assessment results in procurement capacity development, please see the JV's Compendium of Country Examples.¹⁶

4.5 Donor coordination

1. Identification of the active donors –
It is useful for donor reps and lead government coordinators and chairs in a donor coordination group setting to clearly identify areas of focus and specific areas of financing, such as capacity building. Tools to do this include a matrix listing donors and the main components of the National Development Strategy.
2. An agreed government strategy -
The basic reference document is the government's National Development Strategy, produced following a public consultation process, based on the annual budget allocations and the forecasts included in the MTEF.
3. Country-led coordination process -
A country-led coordination process is often an acid test of real country ownership and may require donor encouragement – public and behind the scenes – and delicate capacity building at the individual and institutional levels.
4. Donor agreements -
Mutual accountability and trust are the keys here – not only in formal MOUs between donors and the government but at the working level between donor representatives, as well. The Nordic+ countries have an advantage over other donors because of the nature of their association and their body of country experiences in delegated cooperation, for example. The shared use of political economy analysis, audit reports, assessments of the risk of using

¹⁴ OECD/DAC, *Harmonizing Donor Practices for Aid Delivery: Volume III, Strengthening Procurement Capacities in Developing Countries*, Chapter 2, Good Practice on Procurement Capacity Development.

¹⁵ UNDP, *Draft Procurement Capacity Development User's Guide*, 2006.

¹⁶ OECD/DAC Joint Venture on Procurement, *Compendium of Country Examples and Lessons Learned From Applying the Methodology for Assessment of National Procurement Systems*, page 49 – 61, 2008

country systems and risk mitigation practices are other areas to also examine.

5. Maintenance of the strategy as the core document -
The approved and funded capacity development strategy should be the common reference for approvals and monitoring results by donors and the partner government.

4.6 Monitoring and measuring results

1. Actions and indicators -
The capacity development strategy should include specific actions with their own indicators and expected results.
2. Performance monitoring -
A procurement performance measurement system can be based on four steps: collecting data, aggregating the data, reporting the finding and then using these findings to address problems or to improve performance. The most effective way to ensure sustainability is to maintain a strong demand for the monitoring information from procurement stakeholders. Regular workshops and reports can help sensitize key actors such as the Ministry of Finance, the Auditor General, the donor community and the private sector.

5. Using Country Systems

“The best way to develop country systems is to use them.”

5.1 Current reasons for using country systems

The 2008 Survey on Monitoring made three conclusions about the use by donors of country systems:

- On average, only 43% of aid to the public sector uses public procurement systems.
- Relatively little progress in the use of country systems has been made since 2005.
- There is no strong evidence to suggest that donors make more use of country systems in countries where the quality of the systems is good.

The Phase I Report of the OECD Evaluation concluded there is a mixed and complex picture of multilateral and bilateral practices regarding the use of partner country systems. Such use seems to depend on the realities and perceptions of the rules prevailing in development agencies and partner countries.

The actual reasons given by field representatives of donor aid agencies for using country systems vary: political and disbursement pressure or programming decisions by senior management in headquarters who see the use of country systems as a way to disburse large amounts of money, peer pressure / agreement between individuals in local donor groups, or to force improvements to known weak systems from “learning from doing”.

5.2 Where do we start?

Actual country situations vary but the following are some questions to help field staff get oriented in order to see the “big picture” concerning country systems.

1. Is there a country-led donor group on procurement? On public financial management? Who are the right people with whom to speak?
2. Is the World Bank involved and active? (It should be in both PFM and procurement areas if real reforms are underway.)
3. Has an assessment been recently done by the partner country using the OECD/ DAC Methodology? By PEFA? (Or even, has the World Bank recently done a Country Procurement Assessment Report using the Methodology?)
4. Has a procurement capacity assessment been done recently?
5. When was that last procurement or capacity assessment completed – is it time to plan an update to measure progress?
6. Is there a framework used locally for assessing and discussing fiduciary risk?
7. What are the available resources and groups with whom to establish working links (include discussing this with colleagues in other Nordic+ embassies, as well as your own headquarters)?
8. What are the links between “which donor does what” with the EU Code of Conduct on Complementarity and Division of Labor in Development Policy. Has this been discussed between the representatives of the member states working in the partner country?

5.3 Assessing the risks of using these systems, including risks of corruption

The results of the application of the OECD/ DAC Methodology provides an overview of the areas of risk and weakness of the partner country system. This can be an input into the analysis of the three possible kinds of risk for a DAC member country:

1. Fiduciary risk – This risk refers to the possibility that aid money may not be used as intended or approved and covers both PFM and procurement. Recommended principles set out by DFID for its staff include:

understanding the fiduciary risk environment, identifying and putting in place mitigating factors and monitoring ongoing performance to ensure the risk is being managed.¹⁷

2. Development risk – This risk refers to the danger of missing the goals of an intervention. This includes the risks posed by factors such as an unstable macroeconomic environment, poor design and implementation, lack of monitoring of results, weak governance, poor donor coordination and limited partner country ownership.
3. Reputational risk – This risk refers to the possibility that events directly or indirectly related to the current intervention may impair the donor’s ability to provide future support. It includes the possibility that fiduciary or developmental risks may rebound negatively on the donor.

There are a few practices already in use regarding improving donor assessment of risk:

1. Use of common pools of information.
2. Sharing of the results of assessments using the JV Methodology.
3. Donor transparency and knowledge-sharing with partners and other donors.

Donors will generally begin to use procurement systems when there is sufficient confidence in the system; this means when there is sufficient, agreed evidence of progress in the key areas of reforms that has been documented in procurement assessment results and recorded in the procurement capacity development strategy.

5.4 Risk in Assessing Procurement Systems in States in Fragile Situations

There are particular challenges involved in planning and implementing assessments and in doing capacity building in so-called fragile states that require special approaches and resources. At present, there is very little good practice available in this area. The case of the 2008 assessment report by Afghanistan¹⁸ is illustrative of the challenges; the following constraints were identified in this report to strengthening capacity in line ministries:

1. Limited procurement capacity at all levels of government.
2. Lack of ownership in procurement i.e. the necessary capacity and a positive, supportive working environment was generally absent in the ministries.
3. Obstacles to local ownership of the procurement function include: lack of basic training, a general misunderstanding of the scope of procurement,

¹⁷ DFID “How-To” Note, *“Managing Fiduciary Risk When Providing Financial Aid”*, 2009.

¹⁸ Procurement Policy Unit, Ministry of Finance, Kabul, *“Report on Assessment of National Procurement Systems (Based on OECD/DAC – World Bank Indicators)”*, 2008

inadequate regulations, lack of common internal structures in ministries, lack of effective communications between procurement staff and senior administrators and little consistency in the organizational structures of line ministries.

5.5 Risk in assessing at the sub-national and local levels

It is possible to use the OECD/ DAC Methodology at the levels of states / provinces and municipalities / districts even though it was designed to be used at the national level. It is recommended to have a procurement specialist who has experience with the application of the methodology do the modifications to the Base Line Indicators (BLIs) and the respective sub-indicators.

An important issue in the use of the Methodology in this way is “equivalency”; how should the four levels of quality be evaluated with respect to the same benchmark while describing the requirement in terms of the local context at the sub-national level? For example, BLI sub-indicator 6 c) refers to established norms for the safekeeping of records and documents related to transactions and contract management, critical to the good performance of procurement systems at the national but also the sub-national levels. The Methodology gives a set of criteria for managing this information for which the sources of data or evidence for sub-national assessments would need to be determined, if it is available at all, and if such data or evidence is reliable.

5.6 Some Nordic+ risk mitigation measures, including applying the JPP

The Nordic+ donors have agreed in their Joint Procurement Policy (JPP) that whenever donor funds are used for procurement, one of the following options will be used by all Nordic+ donors in the country:

- A. Country procurement systems fully achieve good practice and the donor’s funds are used in the system without reservation or condition (there could still be some different views of risk tolerance even in this situation that might require some safeguards to be in place in order to allow these few donors to accept this option).
- B. Country procurement systems substantially achieve good practice but additional safeguards or control measures are agreed and implemented e.g. an international procurement advisor is contracted by the country and agreed by the donors.
- C. Country procurement systems achieve some good practice but the country is required to use an internationally accepted procedure e.g. the World Bank’s procedures and bidding documents for International Competitive Bids (ICBs).
- D. The partner undertakes all procurement but using the procedures and regulations of another country.
- E. A procurement agent is contracted by the partner and agreed by the donor to be responsible for all procurement (this option is used in situations of weak states or states recovering from conflict).
- F. Procurement is undertaken by a donor according to the donor’s procedures.

Note: In all cases where the procurement capacity is not entirely satisfactory, donors will jointly consider providing procurement capacity development support. Refer to the Decision Tree in the annex for more details.

A key mitigation factor is the effective functioning of public service monitoring institutions such as Supreme Audit Authorities and National Anti-Corruption Agencies. While the monitoring and reviewing process by such institutions is important, reports using this data have to be prepared and sent to the responsible authorities who must then be seen to take appropriate action.

5.7 Monitoring and reporting on agreed performance targets

It would be a useful measure of commitment and progress over time by the participating donors for them and the government agree on several indicators e.g. the % of a donor's total aid program disbursed through the country system. This would be useful information to not only report to the Parliament of the donor but to the Parliament of the partner country and to share with other countries and institutions of the OECD/ DAC Task Force on Procurement.

5.8 Donor capacity development

In the Bonn Workshop Consensus that resulted from the preparatory discussion held in May 2008 on capacity development leading up to Accra, it was agreed amongst the donor and partner practitioners that capacity development "...is a fundamental process requiring that external partners commit to strengthening their own capacity and adapt their approaches to deliver responsive support for capacity development."

Planning and implementing aid programs that follow the principles and commitments of the Paris Declaration do not involve doing "business as usual". Field staff are expected to get timely results according to a schedule and within a budget; encouraging and discussing partner ownership with counterparts and awaiting decisions by local managers does not fit easily in such an approach.

Some ministers of DAC countries expect to make key decisions in capitals and do not agree to delegate certain authorities to public servants in the field. Some financial legislation and regulations may need to be modified or introduced to give adequate discretion but with appropriate controls and checks to budget support. Donor staff need training and practical experience in assessing the quality and performance of a public procurement system.

5.9 Partner country fora, users' workshops to share experiences

The AAA encourages partner countries to take the lead in discussing strengthening and using their systems; public workshops and discussion fora would expand the

participants and make such information more accessible. Regional workshops have been delivered under the leadership on related subjects and could be refined to bring together donors who have used country systems to share their policies and experiences. The OECD/ DAC Task Force on Procurement plans on putting this item on all its meeting agendas to encourage donors to share experiences and lessons across regions.

6. Donor Incentives to Support Implementation of the International Commitments on Aid Effectiveness

6.1 Introduction

Ministers at the HLF in Accra agreed that while a consensus had been reached about what needs to be done to reach the targets and to implement the commitments of the Paris Declaration, the unanswered question was “how?”.

Ministers saw one of the central tasks as being changing patterns of behavior – however, “old habits die hard”. The AAA has taken on this challenge under delivering and accounting for development results: “We will strengthen incentives to improve aid effectiveness.”

The Evaluation of the Implementation of the Paris Declaration Report Phase I Synthesis Report has contributed the following observations and findings about the “enabling conditions” that are available in the participating evaluation countries to support successful implementation of the Paris Declaration: ¹⁹

1. Commitments

- i. Practical commitment to promote aid effectiveness and overcome obstacles is characterized as narrow within eight of eleven agencies and depends on political and public support at home.
- ii. The base in bilateral agencies for changing behavior and overcoming obstacles is weak.
- iii. Practical commitment is strongest among program and field staff.
- iv. Lack of coherence within some donors’ own institutional systems dilutes the potential commitment to the Paris agenda.

2. Capacities

- v. Most donor agencies face built-in limitations in their national systems, institutional structures and regulations and in staff allocations. For some agencies, the Paris Declaration has become an opportunity and a strong driver of change.
- vi. All are reporting a shortage of the right skills and staffing allocations to manage the changing aid agenda and responsibilities.

¹⁹ OECD, *Evaluation of the Implementation of the Paris Declaration Phase I Synthesis Report*, 2008, pages 31–32.

- vii. The most important reported capacity constraint is a lack of sufficient delegation of authority from HQ to take decisions at the country level.

3. Incentives

- viii. Organizational and individual performance targets and recognition are uneven. Professional and personal motivation is a key incentive.
- ix. Pressures remain strong in most agencies to maintain the visibility and attribution of the individual contributions.
- x. Pressure also remains strong in almost all agencies to satisfy fiduciary and accountability requirements – a disincentive to recognizing and managing risks and promoting greater country ownership (e.g. “zero tolerance” of corruption)
- xi. Half the agencies reported their responsibility to pursue non-developmental national objectives e.g. commercial, foreign policy that has acted as a disincentive to full commitment.
- xii. The pressure for disbursement – “maximum development for the taxpayers’ money” – and getting results quickly remains strong in most agencies.
- xiii. There is a common perception of unexpectedly difficult transitional adjustments and continuing increased transaction costs which is a disincentive to further movement.
- xiv. A continuing over-reliance on ex-pat technical assistance and seconded staff to execute programs and build capacity has undermined local ownership.
- xv. A disincentive exists in the dangers of “mechanical”, high pressure implementation of the Paris agenda rather than encouraging partner countries to adapt it to their context and needs according to their schedule (i.e. pushing harmonization over alignment).

Given the extent and implications of this situation, there are ways that the Nordic+ donors can use to better implement their commitments under the Paris Declaration. According to the guide produced for the HLF3 by the OECD/ DAC Joint Venture on Management for Development Results²⁰, one of these is the use of organizational incentives which can, for example, signal the value of aid effectiveness. Incentives are the rewards and punishments perceived by individuals to be related to their actions and to those of others. Individual and collective actions in donor organizations are influenced by a number of factors, such as:

- Knowledge and understanding of the external environment
- Perceptions of political/ managerial priorities
- Personal motivation and adherence to the agency mission
- Criteria for performance assessments and career advancement
- Peer pressure and recognition

²⁰ OECD/DAC JV – MfDR, “*Incentives for Aid Effectiveness in Donor Agencies – Good Practice and Self-Assessment Tool*”, 2008.

Successful approaches to change in the agencies and institutions involved in the incentives study ²¹ shared the following success factors.

6.2 Leadership

Commitment: Political leadership is the most important driver of change and has to be in place to gain the real engagement of senior management. Without clear, consistent and regular signals from all levels of management, change initiatives will have limited impact. Management has to be clear, for example, about priorities, especially when policy commitments are not compatible or sensitive trade-offs are needed. For example,

- i. Most agencies face pressure to disburse quickly and to show quick results.
- ii. Management tends to be risk averse whereas implementation of the Paris Declaration implies taking on additional risks.
- iii. When defending aid budgets at home in Parliament, donor agencies benefit from projects they manage themselves.

Internal and External Communication: Awareness-raising about the Paris Declaration is needed to be noticed amongst competing priorities. Useful actions to promote awareness include:

- i. A Mission Statement declaring the organization's support – this should be regularly reinforced at headquarters and in the field.
- ii. Aid effectiveness strategies and language should be incorporated into operational and policy documents.
- iii. What people must do differently and the implications on non-compliance by the organization and the individual must be communicated and followed up by all levels of management.
- iv. Strategies to increase public awareness and engagement are important; strengthening partnerships with involving CSOs and the private sector who are already working in partner countries could foster a very effective alliance.

Organizational Culture

Promoting ownership and mainstreaming the Paris Declaration agenda across an organization leads to more inclusive change and awareness. Regular features on aid effectiveness stories in newsletters or on the organization website promotes a more concrete, human version of what Paris means. Action Plans at the corporate, national or international levels can be used to report on progress and on the achievement of concrete developmental results.

Included in Action Plans and part of the subsequent reporting could be performance indicators of success in reaching objectives. Staff performance objectives and recruiting

²¹ Agence française de Développement, Asian Development Bank, CIDA, MCC, MFA of the Netherlands, SIDA, DFID, US Department of State, USAID and the World Bank.

core competency profiles could be involved, as could indicators for managers' progress in providing support to partners to strengthen procurement systems and to then provide the evidence and recommendations to the organization's decision-makers to use the systems.

6.3 Human Resources Management

Recruitment, placement and rotation: Appropriate recruitment policies are needed that allow for the selection of individuals with the needed skills and competencies. Staff rotations across the organization can be used to reinforce an aid effectiveness culture. Key criteria for field postings could be ensuring aid effectiveness-related experience and skills are always considered, especially for the position of Field Office Director or Manager. Such positions can have a strong influence on other donor representatives and on the partner government, as well. Technical specialists (such as procurement specialists) can be located at the regional or country level to provide support and advice. The turnover of staff in country or regional offices should be carefully managed in order to optimize institutional knowledge and continuity. Recruiting local staff with the needed qualifications and experience to advise and interact with senior local officials and donor counterparts should be considered, as should secondments and staff exchanges with other donor agencies and with partner governments.

Training and Learning: Corporate communications, training sessions, seminars and publications should be used to demonstrate the value for staff to have aid effectiveness knowledge and experience as part of being a competent, professional practitioner or manager. Mentoring could be a way to ensure staff are aware of examples of successes and results. Aid effectiveness could become a component of the organization's professional development program, including the Nordic+ E-learning program on procurement.

Reward and Recognition: Incentives for achievements in promoting or involving aid effectiveness in work could be monetary (special bonuses, pay level increases) or a public recognition event involving an award. Aid effectiveness criteria could be built into staff appraisals and promotion factors giving staff clear signals of what they will be evaluated against and what rewards could be gained by implementing and promoting aid effectiveness. Informal incentives, such as invitations to present to peers and superiors at staff retreats and membership in Good Practice Working Groups provides personal satisfaction at being recognized as part of the "cutting edge" and peer recognition as a role model.

6.4 Policy and Procedures

The existence of clear policy guidelines and technical support has proved to be an important pre-condition for translating the political commitments into change. Agencies have found value in devoting resources to provide such good quality advice to staff. Agencies need to modify existing policy documents and procedures to incorporate Paris principles. Donors also need to take into consideration delivery constraints in an environment of ownership, harmonization and alignment.

Several donors have adapted their procedures and guidelines to include the Paris principles, redefining the mechanisms through which aid can be delivered and the degree of flexibility that exists in adopting common arrangements with other agencies or donors. For example, there could be internal and cross-donor joint guidelines on the use of country procurement systems as the default option.

Another example of a harmonized tool to support multi-donor cooperation is the Nordic + Practical Guide to Joint Financial Arrangement (JFAs)²². Developed by a working group of Nordic+ legal advisors and procurement specialists, the JFA guide consists of a user's guide, a template and a checklist. It is intended to provide field officers a simple, effective means of harmonizing donor collaboration.

Key to adapting and modifying procedures and guidelines is flexibility on the ground. Regulations should recognize this and senior officials and ministers need to be reminded of the special circumstances in partner countries with respect to local ownership and the management of risk.

Experience has demonstrated that the higher the degree of decentralization of staff, resources and responsibilities, the better the performance in delivering effective aid.

6.5 Budgeting and Reporting

Performance Monitoring and Reporting: Objectives related to aid effectiveness can be set for individual units and progress can be regularly discussed with management based on outputs and budgets. Relevant performance indicators, specific to the particular country and developed with local counterparts, can balance the disincentives associated with spending targets. Regular use of monitoring and review mechanisms to promote and assess progress is also an important factor. With mutual accountability, donors need to also be prepared to share such information.

Linking Budget to Results: Some donors have taken the use of performance indicators and monitoring a step further by aligning their budget with the results the organization intends to achieve. Donors need to better understand the resource implications of meeting their Paris commitments. The transaction costs – in terms of staff time to develop and maintain partnerships with governments, CSOs and the private sector, donor coordination, negotiating budget support agreements – are high.

²² Nordic+, “*Practical Guide to Joint Financial Arrangements*”, 2007.

ANNEX

“THE ARUSHA STATEMENT OF THE OECD/DAC JOINT VENTURE ON PROCUREMENT”

ARUSHA, THE UNITED REPUBLIC OF TANZANIA

MAY 5 – 7, 2008

“TO SUPPORT THE IMPLEMENTATION OF THE PARIS DECLARATION PRINCIPLES BY BUILDING RELIABLE PUBLIC PROCUREMENT SYSTEMS”

We, the representatives of partner countries and of multilateral and bilateral development organizations (“donors”) who are the members of the OECD/DAC Joint Venture on Procurement, **resolve** that this Statement of the Joint Venture on Procurement seeks:

- To state our vision of the challenges facing our work program over the next three years and beyond,
 - To ask Ministers and Heads of Organizations to re-commit their ongoing support to procurement reforms and
 - To recognize that the use of acceptable country procurement systems promotes their development.
1. **Recognizing** that improvements in the quality and performance of public procurement systems will produce significant benefits towards more efficient use of public resources, will facilitate ownership, alignment and harmonisation thus increasing aid effectiveness,
 2. **Recalling** the Johannesburg Declaration of December, 2004, produced by the World Bank – OECD/DAC Round Table on Strengthening Procurement Capacity, whereby donors and participating partner countries agreed to implement programs to strengthen the quality and performance of procurement systems with the goal of making them more effective, transparent and accountable,
 3. **Recalling** the Paris Declaration on Aid Effectiveness of March 2005, in which Ministers and Heads of Organizations:
 - i. **Committed** to work together to “*establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems*”;

- ii. **Agreed** that “*capacity development is the responsibility of partner countries with donors playing a supporting role*” and
 - iii. **Committed** to provide “*sufficient resources to support and sustain medium and long-term procurement reforms and capacity development*”.
4. **Recognising** the progress achieved by the Joint Venture on Procurement in :
- i. Developing the common benchmarking tool: “the Methodology for Assessment of National Procurement Systems”,
 - ii. Piloting the Methodology and preparing a Compendium of Lessons Learned and
 - iii. Partner countries applying the Methodology to develop strategic capacity development action plans to implement procurement reforms.
5. **We Propose** that concerted action during the remaining three years of the implementation of the Paris Declaration focuses on:
- i. Completing the piloting of the OECD-DAC Methodology for Assessment of National Procurement Systems and producing an improved version of the Methodology based on lessons learned and input from users and stakeholders;
 - ii. Promoting the use of the results of assessments to identify areas of needed improvement and the development and implementation of capacity development strategies and action plans;
 - iii. Promoting the implementation of the revised Methodology into partner governments’ National Development Plans as a tool to assess procurement practices;
 - iv. Developing a community of practice between partner countries and donors;
 - v. In collaboration with other parts of the OECD such as the Public Governance and Territorial Development Directorate and with other interested donors and partner countries, develop and test strategies and tools to combat fraud and corruption related to public procurement;
 - vi. Continue to learn, discuss and understand better the issues and challenges involved in the use of country procurement systems and the fostering of alignment. It is expected that partner countries’ procurement systems will improve and, as they improve, these systems will be progressively utilized by donors when deemed to meet the framework of criteria and procedures agreed between each donor and its partner countries.
 - vii. In collaboration with the Joint Venture on Public Financial Management (PFM), move towards a coordinated approach to assess and strengthen country systems in order to promote good governance and ownership in the public sector.

With the support of Ministers and Heads of Organizations, we will continue to work collaboratively within a growing, welcoming membership structure as equal members of an international forum focused on learning and sharing best procurement practices. We will continue to engage private sector representative associations and civil society organizations from both donor and partner countries.

Countries and Organizations Which Endorsed This Statement

Partner and Donor Countries :

1. Afghanistan
2. Albania
3. Australia
4. Belgium
5. Burundi
6. Caméroun
7. Canada
8. Cape Verde
9. Chile
10. Colombia
11. Denmark
12. Ethiopia
13. Finland
14. Germany
15. Ghana
16. Ireland
17. Japan
18. Kenya
19. Lao PDR
20. Madagascar
21. Malawi
22. Mongolia
23. Mozambique
24. Niger
25. Norway
26. Papua-New Guinea
27. Paraguay
28. Philippines
29. RDC
30. Rwanda
31. Sénégal
32. Sierra Leone
33. South Africa
34. Sweden (endorsed after Arusha)
35. Tanzania
36. Uganda
37. USA

Development Partner Organizations

1. African Development Bank
2. Asian Development Bank
3. European Commission
4. IADB
5. UNDP
6. UNICEF
7. World Bank

