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**HARMONIZATION OF OPERATIONAL POLICIES,
PROCEDURES AND PRACTICES:
EXPERIENCE TO DATE**

Attached for the April 30, 2001 Development Committee Meeting is a paper entitled "Harmonization of Operational Policies, Procedures and Practices: Experience to Date" prepared by the staff of the World Bank. Ministers may wish to comment on this subject (Agenda item II.D) in their prepared statements.

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ACRONYMS

DAC	Development Assistance Committee
IFC	International Finance Corporation
IFI	International Financial Institution
IMF	International Monetary Fund
MDB	Multilateral Development Bank
NORAD	Norwegian Agency for Development Cooperation
OECD	Organization for Economic Co-operation and Development
OECS	Organization for Eastern Caribbean States
SIDA	Swedish Agency for International Development
SPA	Strategic Partnership with Africa

HARMONIZATION OF OPERATIONAL POLICIES, PROCEDURES, AND PRACTICES: EXPERIENCE TO DATE

I. INTRODUCTION

1. This paper responds to the Development Committee's request to the World Bank for a progress report on multilateral and bilateral efforts to address the issue of harmonization.¹ It draws on bilateral inputs provided through the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD-DAC), as well as inputs from the United Nations Development Group and various multilateral agencies, including several multilateral development banks (MDBs) and the Organization of the Petroleum Exporting Countries Fund.

2. **Partnerships.** In recent years, multilateral and bilateral donors have sought to work more closely with one another and with aid recipients in the context of the Comprehensive Development Framework, the United Nations Development Assistance Framework, and the OECD Strategies for Sustainable Development. Partnership is also a theme of recent discussions on the reform of international financial institutions. Such renewed emphasis on partnerships is evident operationally in the Heavily Indebted Poor Countries Initiative, poverty reduction strategies and sectorwide approaches, and memoranda of understanding between the World Bank and some regional development banks.²

3. **Increasing Awareness.** Working in such partnerships places a premium on common operational rules and requirements. Yet even when donors are pursuing common objectives in the same recipient countries, their operational policies and procedures often differ in important ways. Furthermore, as the number of donors increases over time (from 7 in the 1960s to 50 in the 1990s), such differences in requirements result in significant administrative overload for recipients, particularly small states where administrative capacity is limited.³ For instance, a typical African country that has about 600 aid-financed projects each year submits 2,400 quarterly reports to different oversight agencies and receives more than 1,000 missions to appraise, monitor, and evaluate projects.⁴ Aid recipients have also been drawing attention to this issue: in independent evaluation studies by the Operations Evaluation Department and others, aid recipients cite differences in donor operational policies and procedures as the single most important impediment to the effectiveness of external development assistance. Thus there have been increasing calls for

¹ At the request of the Ministers we worked closely with multilateral and bilateral partners in preparing this paper, and many provided helpful comments. But discussions of these matters in the various multilateral and bilateral fora are continuing, and the views expressed in the paper are those of the World Bank. (See Development Committee Communiqué, September 25, 2000.)

² *Memorandum of Understanding for a Strategic and Client-oriented Partnership*, Abidjan, March 14, 2000. Similar memoranda of understanding are being negotiated with the Inter-American Development Bank and Asian Development Bank.

³ See *Small States: Meeting Challenges in the Global Economy*, Report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States, available at www.worldbank.org/smallstates/ (Latest Publications).

⁴ Nicolas Van De Walle and Timothy A. Johnston, *Improving Aid to Africa*, Policy Essay No. 21, Overseas Development Council, Washington D.C., 1996; and *Review of Aid Coordination and the Role of the World Bank*, Report No. 19840, World Bank, Operations Evaluation Department, October 28, 1999.

donors to harmonize these operational policies and procedures as a way of reducing the transaction costs of development assistance.

4. **Conclusions.** The paper concludes that while multilateral and bilateral donors have launched several harmonization initiatives, progress to date has been limited and uneven. Section II inventories progress in harmonization activities at the institutional, country, and global levels. At the agency level, multilateral and bilateral donors as a group now have well-established processes for dialogue with other donor partners on harmonization, but these have not yielded significant progress on the ground so far. At the country level, a few partners are pursuing creative approaches, but there is considerable scope for more donors and recipients to demonstrate the engagement and flexibility that such approaches require. At the systemic level, where the benefits of harmonization can be scaled up through the adoption of good practice standards or common principles, a meaningful debate on the principles and priorities has yet to begin. Section III discusses key issues and challenges of the harmonization work, from setting the parameters and finding common definitions to developing standards. Section IV suggests possible areas for priority action—project processing, procurement, financial management, and environmental assessments—because they have broad developmental importance and relevance to discussions at the agency, country, and global levels. The efforts at these levels require, and are beginning to elicit, coordinated multilateral and bilateral action. They must also involve recipients. To help guide these continuing efforts, Section V draws conclusions and suggests issues for discussion, as the basis for the preparation of a timebound action plan.

II. EXPERIENCE TO DATE

5. In recent years, there has been a significant increase in initiatives that focus exclusively on harmonization. These initiatives fall into two broad categories. In the first category, operational policies and procedures are aligned at the institutional or agency level and are applied globally. In the second category, operational policies and procedures are aligned at the country level for application to specific operations.

A. Institutional Level

6. Harmonization discussions at the institutional level have been taking place among both multilateral and bilateral donors.

1. Multilateral Initiatives

7. The work on the multilateral side has focused on making progress in technical areas where a consensus exists and on building or strengthening consensus for action where it does not exist or is weak.

8. **Technical Groups.** Following the 1996 MDB Task Force recommendation that “MDBs promote the convergence of corporate and operational policies, standards, criteria, processes and

practices,” the MDB Presidents set up technical working groups.⁵ Nine technical working groups are now in existence, and several of them—including the groups on procurement, financial management, and evaluation cooperation—have endorsed “harmonization” as an explicit objective. Two of the most significant accomplishments from the institutional perspective have been the development of good practice standards for private sector evaluations (by the Evaluation Cooperation Working Group) and a standardized bidding document for equipment and goods (by the Procurement Working Group). The MDB presidents have discussed the convergence in procedures at their biannual meetings, including the most recent one, in February 2001, which the World Bank hosted in Washington, D.C. Reflecting the growing importance of this subject, the Presidents agreed at this meeting to proceed further with the work, with reduction of borrower transaction costs as a central short- to medium-term objective.

9. ***Roundtable and Forum.*** To complement the work of the technical groups and further strengthen the consensus for harmonization, the World Bank has convened meetings to bring together those with institutional interests in the policy function. The Roundtable on Operational Policies, Strategies, and Practices, which has met at the World Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank since it was launched in June 1999 (and will next meet at the Asian Development Bank), has helped to raise the profile of the topic by systematically documenting members’ operational policy and procedural similarities and differences, reporting on progress in harmonization activities to the senior management teams of the participating institutions, and collaborating with the new OECD-DAC Task Force on Donor Practices. In September 2000, at the Prague meeting of the heads of the multilateral financial institutions, the World Bank led a discussion on the importance of harmonizing operational policies, strategies, and practices, the efforts made so far, and the challenges still ahead. The heads of the multilateral financial institutions requested that the Roundtable program be expanded. In response, on February 1, 2001, the World Bank hosted a Forum on Harmonization in which 18 of the multilateral financial institutions participated, as well as the Chairman of the OECD-DAC Task Force on Donor Practices and the Bolivian Ministry of Finance.⁶ The Forum concluded that harmonization efforts should enhance recipients’ capacity to design and implement their own operational policies and procedures. Participants discussed country-level assessments for procurement and financial management to illustrate how such common instruments could be an entry point for examining country standards relative to donor standards and for helping to raise country capacities and standards sufficiently that donors would no longer need to specify their own requirements. Sectorwide approaches were also cited as a modality that would benefit from and facilitate harmonized approaches anchored in borrower needs and capacity building.

10. ***Private-Sector-Oriented Initiatives.*** Working on a parallel track, in 1999 the IFC and 34 other private-sector-oriented international financial institutions (IFIs) and bilateral agencies,

⁵ See *Report of the Task Force on Multilateral Development Banks: Serving a Changing World* (DC/96-01), March 8, 1996. Participation in the working groups is not limited to MDBs; some include subregional development banks. The IMF also participates in some—those on poverty, gender, financial sector reform, and financial management.

⁶ Participants included representatives of the African Development Bank, Asian Development Bank, Corporación Andina de Fomento, Caribbean Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, International Fund for Agricultural Development, Inter-American Investment Corporation, Islamic Development Bank, Multilateral Investment Fund, North American Development Bank, Nordic Development Fund, Nordic Investment Bank, Organization of the Petroleum Exporting Countries Fund, and United Nations Development Group, in addition to the World Bank Group.

including export credit agencies, formed four subgroups covering project-level cooperation, the environment for private sector development, small and medium-sized enterprises, and environmental and social issues. The enabling environment group has created a secure website where IFIs can share information about country-specific problems. The environment working group has “mapped” the environmental and social requirements of the participating IFIs and has made recommendations for adopting common minimum environmental elements among IFIs for environmentally sustainable private sector investment.

11. ***Consortium of Arab, Islamic, and OPEC Countries Initiatives.*** Reflecting a long-standing partnership, the development institutions of the Arab, Islamic, and OPEC countries have established a Coordinating Group with a small secretariat, bringing together Directors of Operations of each agency for semiannual discussions on improving their collaboration and overall operational efficiency. The Group has successfully developed voluntary common guidelines, based on the broadest technical consensus, in areas ranging from project appraisal to post-evaluation. It has also been focusing on what is feasible, bearing in mind agencies’ individual orientations. The Group is now looking to simplify and standardize project supervision and monitoring—including possible joint supervision missions—to better facilitate the pooling of resources of member institutions, enabling them to complement one another’s efforts.

2. Bilateral Initiatives

12. On the bilateral front, OECD-DAC launched its harmonization work at the institutional level by establishing the Task Force on Donor Practices in January 2001. The Task Force decided to focus initially on three aspects of the project/program cycle: preparation and related upstream issues such as project/program analysis and risk assessment; financial accountability; and reporting and monitoring. The Task Force is expected to produce reference papers on good practices that DAC members could implement on a voluntary basis. Representatives of the Task Force and the Roundtable participate in each other’s meetings, and joint activities are planned, including work on sectorwide approaches and on developing a common harmonization website for sharing information. In another bilateral initiative, following a workshop in May 2000, seven donors commissioned a study on (a) mechanisms for committing and disbursing funds; (b) financial reporting by recipients to donors; and (c) program review and audit arrangements.⁷ The preliminary findings—now being considered by donors—indicated that there are no insuperable barriers to harmonization in these areas for virtually all donors covered by the study (although some specific procedural issues may require further analysis) and that greater use could and should be made of common assessment tools.

B. Country Level

13. Country-level collaboration is the litmus test of harmonization. It provides the real-world context for applying operational policies and procedures and for realizing the benefits from their harmonization. Harmonized policies and procedures must work in the country context in exercises such as poverty reduction strategies and sectorwide approaches if development effectiveness is to be significantly enhanced. Country-level initiatives have generally involved one of the following: (a) dual donor arrangement in a specific country context; (b) agreement among a group of donors to

⁷ The seven donors are Denmark, Germany, Ireland, Netherlands, Norway, Sweden, and the United Kingdom.

harmonize selected policies and procedures in a particular transaction; or (c) efforts aimed at raising country capacity and standards sufficiently that donors would no longer need to specify their own requirements. Another type of initiative focuses on the particular burden of aid coordination in small states. Examples of these initiatives are discussed below.

14. ***The Utstein Initiative.*** In the context of work in Tanzania’s health sector, the Development Ministers of Norway, the United Kingdom, Germany, and the Netherlands (known as the Utstein Group) are (a) exploring the harmonization of their requirements in areas such as audit and procurement, where they agree on standards based on the broadest technical consensus; (b) cooperating on approaches to corruption and the evaluation of projects, programs, and policies; and (c) working to enhance coordination of their technical assistance programs. The Group’s work includes studies of pooled funding, one of which found that bilateral donor policy—rather than procedures or practices—obstructs participation in such financing modalities. This initiative stands out because of the poverty reduction objectives that motivate it, the ground-level realities that guide it, and the strong political support that sustains it.

15. ***Dual Agency Arrangements.*** The Swedish Agency for International Development (SIDA) has agreed to allow the Norwegian Agency for Development Cooperation (NORAD) to represent it in Malawi so that SIDA need not maintain a physical presence there.⁸ Under this agreement, NORAD’s operating policies, procedures, and standards will be used for all NORAD-SIDA operations. NORAD, meanwhile, will draw on SIDA’s more extensive network of technical specialists in the region. This arrangement was approved by Malawi’s Ministry of Finance. In Australia and New Zealand, the governments commissioned a study in October 2000 to identify differences in their aid approaches and procedures that created unnecessary burdens for Pacific Island countries, and to explore the scope for reducing them. A draft report completed in January 2001 found scope for greater harmonization in a number of areas, and the two governments are considering the specific recommendations.

16. ***Recipient Capacity Building.*** In 1999, the Asian Development Bank launched a technical assistance operation to improve and align resettlement policies and institutional frameworks in seven Asian countries.⁹ The aligned policies and frameworks would apply to all projects in the participating countries, regardless of the funding source. The initiative resulted in the preparation of country resettlement plans covering the actions needed to strengthen national policies and institutional frameworks. Separately, capacity-building efforts are being carried out in Africa under the aegis of the Strategic Partnership with Africa (SPA), a World Bank-chaired voluntary association established in 1987 for donors and multilateral institutions involved with Africa.¹⁰ The SPA is drawing on the results of the Netherlands workshop on Donor Harmonization and

⁸ Representation may include, for example, overseeing the preparation of projects, entering into formal agreements, supervising implementation, and monitoring outcomes.

⁹ The countries are Bangladesh, China, Indonesia, Nepal, Pakistan, the Philippines, and Vietnam. The World Bank has participated in the exercise (led by the Asian Development Bank) by reviewing draft reports, and by attending the individual country workshops and the concluding workshop in Manila.

¹⁰ The SPA comprises the World Bank, IMF, African Development Bank, Belgium, Canada, Denmark, the Economic Commission for Africa, the European Union, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, Norway, OECD-DAC, Portugal, Sweden, Switzerland, the United Kingdom, United Nations Development Programme, and the United States.

Adjustment of Financial Management and Control Procedures under Sector Programs.¹¹ Follow-up work has included feasibility studies on the harmonization of disbursements and audits in sector programs, and the pooling of technical assistance. In January 2001, the SPA Task Team on Public Financial Management and Accountability (chaired by Norway) met with World Bank and IMF staff to discuss, inter alia, how to work toward more shared, standardized assessments and coordinated support in these areas. Another example of recipient capacity building is the Environmental Impact Assessment Institutional Strengthening Activity. It is assisting Egypt, Jordan, Tunisia, and the West Bank and Gaza to acquire technical and policy tools to increase the coherence of their environmental impact assessment systems with international norms, and with the environmental guidelines of the World Bank and the European Commission.¹² Meanwhile, in June 2000, the Senegalese government brought the local government dimensions of harmonization to the fore when it sponsored a workshop for officials from central and local authorities, donor agencies, and professional and academic technical experts.¹³ They examined the procurement, financial management and disbursement, and post-evaluation systems used in development programs. The commissions established made detailed recommendations on specific areas where simplification and harmonization would help local authorities better manage their own aid program under Senegal's new decentralization law. In addition to these efforts, the Club du Sahel has been working in West Africa to enhance recipient capacity.

17. ***Small States.*** Small states are particularly vulnerable to what the Operations Evaluation Department has called "aid bombardment" because they have limited public sector administrative capacity. Recognizing this, the Eastern Caribbean Central Bank, the World Bank, and selected donor agencies have sponsored surveys of the Organization for Eastern Caribbean States (OECS) governments' officials and donors to the region. These surveys have found significant scope for harmonizing donor procedures and practices, including simplifying financial management requirements and aligning them with country systems. St. Lucia and St. Vincent and the Grenadines have agreed to be pilots for this alignment. Attention may eventually turn to harmonizing physical progress reporting for multidonor projects and developing a shared electronic calendar for donors and OECS governments to better coordinate operational missions. This initiative is one tangible response to the call by the Commonwealth Secretariat/World Bank Task Force on Small States for action to improve donor coordination to reduce the severe burdens that multiple donor requirements place on many small states. The Australia/New Zealand initiative, noted above, may similarly prove to be of operational significance to another group of small states, those in the Pacific Region.

III. ISSUES AND CHALLENGES

18. As the preceding paragraphs show, there have been some concrete achievements on the harmonization front. Many of the country-level efforts are particularly notable because of their

¹¹ The workshop, held at The Hague in May 2000, involved the Club du Sahel, Danish International Development Agency, Department for International Development (U.K.), the Irish Foreign Affairs Ministry, the Netherlands Foreign Ministry, SIDA, and the World Bank/SPA.

¹² The activity is financed by the World Bank's Development Grant Facility and supported by the Mediterranean Environmental Technical Assistance Program. It is implemented by the International Center for the Environmental Technologies in Tunisia in collaboration with the Environmental Impact Assessment Center of Manchester University.

¹³ Workshop on the Simplification and Harmonization of Procurement, Financial Management and Disbursement, and Post-Evaluation Procedures, June 21-24, 2000, Senegal.

explicit attention to country ownership and capacity building. Overall, however, progress toward harmonization has been relatively limited—in part because the issues are very complex and require extensive painstaking work. Differences have to be carefully identified, researched, documented, and understood, and this is a highly resource-intensive exercise. In this regard, an important step forward is the draft compendium prepared by the MDB Roundtable on differences and similarities in the operational policies and procedures of the participating institutions. The design of standardized documents by the procurement working group and the Arabic, Islamic, and OPEC development agencies is an even more significant accomplishment, given the inescapable institutional and conceptual issues that harmonization efforts must confront.

19. ***Institutional Contexts.*** Determining what harmonization means in practice requires not only understanding the ways in which procedures and practices (and their interpretations) differ among development partners, but also why they differ (including the constraints arising from policies), and what scope there may be for minimizing or eliminating these differences. Operational policies and procedures are approved by the Boards of Executive Directors of multilateral agencies, by ministerial committees for some bilateral agencies, or by other equivalent bodies. However, many factors—for example, differences in national policies, departmental mandates, corporate objectives, internal culture, and external operating environments—affect the way each agency frames its operational requirements, interprets and applies them, and monitors and evaluates their effectiveness. In some institutions, operational policies and procedures are considered binding, while in others they are more flexible.

20. ***Scope.*** Given these differences in institutional perspectives, some development practitioners take a pragmatic view that harmonization should focus on what is immediately feasible, rather than extending to what is desirable. They would prefer harmonization to be limited to resolving procedural differences (for example, in reporting forms and requirements), since these can often be resolved without a change in mandatory policy. In this group are also practitioners who do not view the term harmonization as appropriate, and would prefer to describe the process as geared toward “procedural simplification and consistency.” Other practitioners take the view that operational policies drive operational procedures and practices, and that significant headway in harmonization cannot be made until all three are examined, including any deviations between such policies and the procedures and practices that they define. Still others would prefer to define harmonization in terms of an explicit country-focused objective—such as reducing the transaction costs to aid recipients associated with differences and complexities in donor requirements—and then address the causal factors. They also stress the importance of building recipient capacity to manage aid rather than trying to harmonize policies, which may reflect particular institutional mandates.

21. ***Toward a Conceptual Framework.*** A pragmatic approach, drawn from experience so far, suggests that a way to reconcile these varied institutional contexts and understandings is to recognize that harmonization involves several stages and that at present, the consensus for action is strongest at the earlier stages:

- ***Consultation/Information Sharing.*** This stage involves sharing and gathering information (e.g., on policy inventory, policy similarities and differences, and operational policy work program priorities), and learning from the lessons of one another’s experience. This approach provides agencies the opportunity to identify

issues of policy coherence and to coordinate, complement, and cross-fertilize harmonization activities and initiatives.

- **Convergence.** In this stage, there is movement toward consistent and coherent operational policy and procedural requirements in agreed areas. Convergence can be pursued at the institutional or country level, or at the level of individual transactions. This approach aims to reduce transaction costs to member countries and development agencies, and to increase development effectiveness.
- **Standards.** In this stage, harmonization at the agency and country levels follows widely accepted principles that not only take into account the operating policy and procedural frameworks of aid recipients but also guide efforts to strengthen them.

When this framework is used as the lens for viewing ongoing harmonization efforts, the conclusions are that most harmonization initiatives are still at the consultation and inventorying stage, and that there is need for sustained consensus building for convergence and for the development of standards or common principles.

IV. TOWARD A PRIORITIZED AGENDA

22. Ideally, consensus building should focus on the priorities for the harmonization agenda that are relevant at all levels—agency, country, and systemic. In coming months, the World Bank will begin to explore with interested clients and partners the elements of a timebound work program covering analytical, strategic, and implementation aspects of the harmonization agenda. This includes a continuation of the work with the other multilateral development banks and multilateral financial institutions in the context of the technical groups and other fora described above, as well as in the preparation of memoranda of understanding. In addition, Bank staff and members of the OECD-DAC Task Force are discussing ways of collaborating, including on a review of sectorwide approaches and consultations with aid recipients, relevant professional bodies, and civil society on harmonization priorities and modalities. One possible outcome of these activities could be a consensus for action in three areas—procurement, financial management and environmental assessment—that are relevant for both agency and country-based harmonization and that could also be an investment in strengthening national management systems and the global development architecture. These possibilities—which would also complement the work being undertaken by the OECD-DAC Task Force on project preparation and management issues—are discussed below.

23. **Procurement.** In the area of procurement, differences among donors range from the standard documents used to ascertain the eligibility of bidders, suppliers, contractors, and consultants, to reporting and donor review procedures. While some differences are policy-oriented and may prove difficult to align, many are procedural in nature, and for these, harmonization should be achievable. As indicated earlier, the MDB Procurement Working Group (consisting of the MDB heads of procurement) has approved a master bidding document for procurement of goods and now intends to develop master documents for the prequalification of contractors, selection of consultants, and procurement of civil works. In addition, the MDB heads of procurement have identified two priorities for future work: first, convergence of procurement policies by identifying the differences among donors with the objective of progressively adopting harmonized guidelines; and second, capacity building in recipient countries with the objective of

greater reliance over time on the countries' own public procurement systems. This second priority will involve (a) carrying out joint Country Procurement Assessment Reports and/or sharing the reports and subsequent plans of action for system reforms, (b) supporting public procurement reforms jointly, and (c) developing a joint framework for sector lending, including joint capacity assessments of executing agencies, a common procurement schedule, common thresholds for use of local procedures for the smaller-value transactions, and common procedures for ex post review. The World Bank has also launched a review of its experience with procurement (and financial management) in sectorwide approaches, including the lessons learned about policy and procedural areas in which the World Bank may need to exercise greater flexibility. This agenda will bring all sides together to raise country capacities and standards sufficiently so that donors would eventually no longer need to specify their own requirements. Indeed, one objective of the procurement working group is to define widely accepted procurement standards—in consultation with OECD and the World Trade Organization—against which country-specific practices could be assessed and aligned.

24. ***Financial Management.*** Financial management in aid programs, although generally based on broadly accepted principles, tends to reflect the administrative (and sometimes legal) requirements of individual donors related to formats and to the need to attribute transactions to specific funding sources. Complying with so many different requirements is costly to borrowers, particularly those that are most dependent on development assistance and tend to have the weakest capacity. In many cases, they can meet donor needs only by implementing parallel disbursement, accounting, reporting, and auditing systems that do little to build—and may weaken—sustainable capacity in financial management. Using accepted international standards in areas such as the timing, content, and format of project financial reports could alleviate these burdens on clients. As in the area of procurement, some donors are interested in exploring the use of joint country assessments to examine the financial accountability arrangements in client countries as well as donor practices, and to facilitate the design of coordinated and effective capacity-building programs. Meanwhile, the World Bank is supporting the work of the main standard-setting organizations in financial management—the International Federation of Accountants, which publishes audit standards for the private sector and accounting standards for the public sector; the International Accounting Standards Committee, which works on accounting standards for the private sector; and the International Organization of Supreme Audit Institutions, which develops auditing standards for the public sector. Accounting standards in the public sector are less mature than those in the private sector, and more work is needed to promote their ownership and universal applicability, especially in low-capacity environments. The harmonization effort could address these issues as part of the agenda for strengthening the international development architecture. While it will continue its work with other MDBs in these areas, the Bank will now also collaborate closely with the newly formed OECD-DAC Task Force on Donor Practices and, at the Task Force's request, has already agreed to play a leading role in the subgroup on financial management.

25. ***Environmental Assessment.*** Another potential area for work on good practice standards is environmental assessment. Cooperation among multilateral development banks on environmental issues began in the late 1970s. In the early 1980s, OECD-DAC started meetings of bilateral donors and later supported joint conferences for the exchange of experience. Environmental staff have moved between institutions, and this has allowed for cross-fertilization among participating institutions. As a result, there is a well-established network of environmental staff and a wealth of practical operational experience with environmental assessments. There are also many similarities

in environmental assessment policies and procedures. The most significant differences lie in the specific procedural requirements for public consultation and disclosure: when, whether, and where the assessment is disclosed and when, how, and how often affected groups are consulted. Given the background, it might be possible to develop common technical and procedural good practice standards for conducting environmental assessments. This work could be undertaken on a collaborative basis by the IFI Working Group on the Environment and OECD-DAC in consultation with representative recipient countries.

V. CONCLUSIONS AND ISSUES FOR DISCUSSION

26. As the complexity of the development system increases, work to harmonize donors' policies and procedures becomes ever more important to reducing borrower costs and building borrower capacities. However, although many initiatives have begun, overall progress toward harmonization has been relatively limited. Thus there is scope for intensified action at all levels—among agencies, within countries, and across the development system. Such a process would have to be participatory, and would need to be underpinned by timely analytical work and sustained political support. Donors and recipients alike would have to be prepared to “give and take” in order to arrive at appropriate and effective standards or common principles; it is not a matter of adopting one institution's requirements over all others. ***Do Ministers agree with this approach, in which donors and recipients would jointly explore the scope for convergence in procedures across agencies and in country programs, and for developing widely accepted good practice standards to guide these efforts? Should procurement, financial management, and environmental assessments be the priority areas for joint work in developing good practice standards? What guidance do Ministers have on the role that the World Bank should play both in harmonizing its own policies and procedures and in supporting the harmonization agenda within the development community?***