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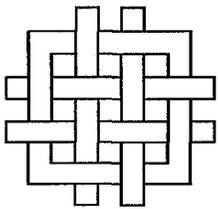
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COORDINATING INTERNATIONAL DEVELOPMENT ASSISTANCE

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I. Introduction

In the 1990's, sustainable development emerged as a central concept shaping practitioners' thinking about the fundamental purposes of development assistance. As first articulated in *Our Common Future* and later elaborated at the United Nations Conference on Environment and Development (UNCED) in *Agenda 21*, the concept ties together the imperatives of economic development, environmental quality, and social equity to form a powerful and compelling philosophical rationale for policies, plans, and programs in developed as well as developing countries around the world.

Following UNCED, the elements of an operational framework converged on the international level to translate the concept of sustainable development into action. The United Nations Commission on Sustainable Development was created, *Agenda 21* called upon countries to prepare National Strategies for Sustainable Development, the United Nations Development Programme (UNDP) launched Capacity 21, and multilateral and bilateral donors alike began examining and reshaping their programs in light of *Agenda 21* and the goals of sustainable development. Together with the commitments derived from international environmental agreements such as the Montreal Protocol; the conventions on Global Climate Change, Biodiversity, and Desertification; the evolution of new principles for the management of tropical forests; and the creation of the Global Environment Facility; these actions now constitute a comprehensive framework for donors and developing countries to address the objectives of sustainable development and coordinate their efforts toward that end.

Under an ideal scenario, a country's national sustainable development strategy is an integrated, multisectoral plan of action that embraces all these initiatives and agreements. As such, the strategy provides a basis for the country to respond in an efficient and unified way to the planning and reporting requirements set forth in those agreements and conventions. It would also guide coordinating donor assistance to the country. In short, donor coordination would be led by the developing country itself.¹

The state of affairs today is far removed from this ideal scenario. In part, this shortfall is due to the sheer complexity of multisectoral planning. In an aid-receiving country, the task is further complicated by the need to rationalize the contributions of different donors with the country's internally generated development plan and vision. While some progress has been made on the international as well as the national level, by and large, neither donors nor developing country governments have overcome the major institutional, political, technical, and human obstacles that make coordinated, common action so difficult.

Theoretically, better coordination of donor activities would advance sustainable development by minimizing waste of resources, by reducing project overlap and duplication, and by fostering more efficient and effective aid delivery. In fact, among many donors and aid recipients these presumed advantages to coordination are matched, or superseded by the perceived advantages of *not* coordinating their activities. Disincentives to coordinate, or more cynically, incentives to *hinder* coordination, will be treated at some length in order to illuminate why donor coordination remains a perennial stumbling block in spite of unabated rhetoric in its favor. Suffice it to say

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here that coordination for its own sake will probably not be worth the effort; rather it must be seen as a *means to an end*—namely, delivery of aid for sustainable development that is more timely, cost-effective, and supportive of recipient-driven development objectives.

II. Background

The World Resources Institute began its study of donor coordination in selected developing countries in early 1995. The primary aim of the study, developed in cooperation with the United Nations Development Programme (UNDP), the Swedish International Development Cooperation Agency (SIDA), and the United States Agency for International Development (USAID), is to examine donor coordination for sustainable development and to suggest ways to improve the coordination process.

The study is based on three main sources of information: a general review of the literature on donor coordination, interviews with representatives of multilateral and bilateral donor agencies in North America and Europe, and interviews with both donor and recipient agencies in six case study countries.

The consulted literature derives from such sources as the United Nations Development Programme, the Development Assistance Committee of the Organization for Economic Co-operation and Development, various government agencies, independent analysts, and other sources. Interviews conducted by a core research team based at WRI involved 78 people representing 24 donor agencies or non-governmental institutions in eight countries.

The case study countries—Indonesia, Bangladesh, Mali, Tanzania, Bolivia, and Nicaragua—were selected with various criteria in mind, such as whether the country was host to a number of different donors, whether it had undertaken some form of multisectoral national planning exercise (e.g., the National Environment Action Plan (NEAP) or the National Conservation Strategy - NCS), whether information on coordination was available, and whether WRI had contacts in the country who could facilitate the study.

Consultants interviewed recipient government officials, non-governmental organization (NGO) representatives, and personnel from as many external aid agencies as possible in the allotted time. Consultants were given general questions to serve as guidelines in these interviews. They were not asked to produce formal responses, but to gather insights into donor-recipient relationships. As a result of this approach, information procured from the case studies is illuminating but uneven, precluding uniform treatment or statistical analysis of the results in this report. Similarly, since both time and funds were limited, the findings of the case studies must be viewed as indicative but not exhaustive. Two other caveats: in some cases, our data is now at least two years old, and the case studies were not intended as stand-alone documents.

III. Framework for Coordination

The questions of how to coordinate and toward what end have been on the table for at least 30 years. Since UNCED, the proliferation of international conventions, plans and strategies has brought them to the fore again. Answers, however, are complicated and hard to grasp, partly because the term "coordination" can refer to any among a wide range of activities.

Coordination can mean the simple exchange of information on anything from plans, policies, or development models to lessons learned from past experience. This exchange may or may not lead to deeper forms of coordination, such as harmonization of policies or approaches (for example, if donors agree on environmental impact standards for development projects), or coordination of operational activities (for example, one donor agrees to focus on urban water supply, another on rural water management; or one agrees to work in a particular geographic region where

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other donors are not already present; or one provides staff training for a teaching program, while another finances the acquisition of school books and supplies). Coordination might mean harmonizing procedures or reporting requirements, to minimize the burden on recipient countries to comply with possibly duplicative or conflicting formats. Donor coordination can also mean that two or more donors jointly fund and support a development project.

Donor coordination can be discussed in terms of three types of interaction: internationally among donors; within a donor country or multilateral donor organization; and within a recipient country. At the

international level, coordination can occur between two or more bilateral or multilateral donors, or in some global forum where all donors may participate, or in groupings derived from a common regional, thematic, or ideological focus. In a donor country, development policy and implementation plans must be coordinated among and between the parliamentary body, the various ministries or departments involved in development cooperation, and the implementing agencies. A multilateral organization must have a system for coordination between its governing board and related agencies or departments and for communicating with its field-based diplomatic or implementing agency staff as well as interactions with NGOs. (Multilateral organizations such as the World Bank, the United Nations, or the European Commission (EC) are in themselves forums for donor coordination, but also function as discrete entities that coordinate with other donors.) Within a recipient country, a system for national policy-making and planning must coordinate the roles of various ministries and agencies, as well as the contributions of external donors, to make sure that cooperation activities support national objectives. Also in the recipient country, donor representatives may coordinate among themselves. At any level, coordination can take the form of formal gatherings, informal meetings, or ad hoc interaction. And the results of coordination in any one of the spheres will have implications for coordination between one sphere and another. The sheer complexity of donor coordination dynamics makes it clear coordination is a hard-won enterprise.

Forums for coordination may, as the following annotated list suggests, be informal or formal. These examples are not listed in any particular order and are not exhaustive, but are representative of the variety of forums now active:

International Level

Global Forums

- **Commission on Sustainable Development (CSD).** Created in 1993 as a high-level functional commission of the UN Economics and Social Council, the CSD reviews progress at international, regional, and national levels in implementing recommendations and commitments deriving from the UN Conference on Environment and Development. The CSD also elaborates policy guidance and options for follow-up activities to UNCED, and promotes international dialogue and partnerships for sustainable development. Its membership includes the environment ministers of 53 UN member countries, elected for 3-year terms. Other states, UN agencies, and accredited non-governmental organizations may attend meetings as observers.
- **Development Assistance Committee of the Organization for Economic Co-operation and Development (DAC/OECD).** Representatives of the DAC's 22 member countries gather periodically to review their respective development assistance programs so as to improve their effectiveness. DAC also has various sub-groups, such as the Working Party on Development Assistance and Environment which meets twice a year to examine options for closer coordination of aid programs in support of the environment.
- **Committee on International Development Institutions on the Environment (CIDIE).** With a secretariat function served by UNEP, CIDIE was established in 1980 to integrate environmental practices into the development agencies' operations. At its peak, membership included 15 executive officers of several UN agencies, multilateral financial institutions, and some regional organizations, such as the Organization of American States. Although no longer formally holding meetings, the forum continues as a communication network.
- **Common Agenda for Cooperation in Global Perspective.** Initiated by the President of the U.S. and the Prime Minister of Japan in July 1993, this

forum's members discuss how best to coordinate donor activities on numerous key global issues (population and health, as in activities to prevent the spread of HIV, narcotics interdiction, coral reef preservation, etc.) as part of comprehensive bilateral talks biannually. Follow up occurs as needed by the relevant implementing agencies (in Japan, primarily JICA; in the US it could be USAID, the Departments of State, Treasury, Agriculture, Energy, or others). The goal is to identify common strategies for development in certain fields in particular countries. At times, the relevant implementing agencies conduct joint information-gathering missions, such as in Kenya, with the HIV prevention program.

Regional Forums

- **Special Program of Assistance for Africa.** This donor community partnership was formed in 1988 to coordinate support for low-income, debt-distressed African countries undertaking reform programs. Besides helping donors coordinate financial assistance, the SPA serves as a forum where donors discuss and coordinate policies through various working groups. Plenaries and meetings of each working group take place twice a year, chaired on a rotational basis. Meetings are generally held in either Paris or Washington, though sometimes in various donor countries. Participants include the World Bank, the African Development Bank, the International Monetary Fund, the United Nations Development Programme, the United States Agency for International Development, the European Commission, Belgium, Canada, Denmark, France, Germany, Japan, the Netherlands, Norway, Sweden, and the United Kingdom.
- **Network for the Environment and Sustainable Development in Africa (NESDA).** Is the formalized body growing out of the "Club of Dublin"—an informal group of African experts in environmental planning and management—which in turn grew out of a 1990 World Bank-led meeting of experts and donor agencies involved in promoting National Environmental Actions Plans in Africa. NESDA is funded by the World Bank, the African Development Bank, USAID, the UN Sahelian Office (UNSO), and other bilateral donors. Its mission is to prepare, implement, follow up, and

assess strategies and action plans promoting environmentally sustainable human development in Africa. The five-person secretariat is housed by the African Development Bank in Abidjan. By conducting workshops, preparing publications, sending staff on support missions to countries developing NEAPs, and establishing a roster of African experts in the field, NESDA, now an international NGO, provides a focal point for countries and donors conducting National Environmental Action Plans.

- **Club du Sahel.** Created by the international community in 1976 to assist the Comité permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel (CILSS) to develop a long-term food security and development strategy for the Sahelian region of Africa, the Club has a secretariat housed at the OECD in Paris. Since 1986, members have met yearly to discuss policy for aid to the Sahel, to assess the results so far, and to examine how their work could be better coordinated. The Club du Sahel is also instrumental in promoting the UN Convention on Desertification, especially its prescriptions for coordinated action among donors and recipients to build long-term strategies for sustainable development.
- **Project Preparation Committee for Central and Eastern Europe.** At the ministerial "Environment for Europe" conference held in Lucerne in 1993, an Environmental Action Program for Central and Eastern Europe was endorsed, and a committee established to strengthen the links among donors and international institutions preparing and financing environmental and related investment projects in the region. The PPC comprises international financing institutions, the European Commission, and bilateral donors willing to co-finance environmental projects. The Committee meets twice a year and is chaired by members on a rotating basis.

Thematic Forums

- **Secretariats of International Conventions and Conferences of the Parties.** Each of the major international conventions on environment and sustainable development in recent years has established a secretariat to coordinate and monitor

progress in adherence and implementation of action programs related to the conventions. Regular conferences of the parties to the Montreal Protocol, the Climate Change Convention, the Convention on Biological Diversity—to name a few—allow signatories to compare experiences and share information.

- **Forestry Advisors Group (FA-Group).** This group, founded in the mid-1980s, comprises forestry advisors representing bilateral but some multilateral development assistance agencies, participating national governments, and non-governmental organizations. The group promotes increased international support for implementation of the Tropical Forestry Action Plan and aims to achieve greater coordination, cooperation, and collaboration among donor agencies, developing countries, and other concerned organizations. Members meet approximately twice a year under the leadership of a rotating presidency to develop plans of action to alert developing-country governments to forest degradation and opportunities for reforestation and management programs, help link the TFAP with related international initiatives, promote better public awareness of forest problems in both donor and recipient countries, and increase the flow of funding for sustainable forest development and conservation.
- **Multi-Donor Secretariat (MDS).** The MDS was set up in 1990, under the initiative of the World Bank, by the main donors and international organizations involved in the NEAP process in Madagascar. It provides a permanent structure for coordinating the many missions, studies and reports being carried out by different donors, selects consultants, seeks and mobilizes funds, and promotes good working relations with the Madagascar authorities. Based at the World Bank headquarters in Washington, the MDS is supported financially by USAID and logistically by the World Bank. Since its beginning, its role has expanded to cover (NEAP) processes first in the Gambia, Senegal, and Ivory Coast, and then in other African countries. MDS circulates information through newsletters about the various initiatives under way—who is doing what and where. It works closely with the NESDA.

- **Consultative Group to Assist the Poorest of the Poor.** This special group was set up in recognition of the difficulty experienced by development practitioners in improving the living standards of the poorest of the poor. The group provides information on “best practices” for delivery of financial and other services to the poorest populations, increases the level of resources reaching the poor, especially through a micro-finance program (with a start-up fund from the World Bank and a consortium of donors), and improves donor coordination for the systematic financing of development programs for the very poor.

Information Exchange

- **Bellanet.** In 1994, the Canadian International Development Research Center (IDRC), the MacArthur Foundation, the Rockefeller Foundation, the Swedish Agency for Research Cooperation with Developing Countries (SAREC), and the World Bank established a secretariat based at IDRC and UNEP to use electronic networks and gateways to create a forum for donors to share ideas, exchange information, and develop partnerships on a timely and cost-effective basis. It will provide support to special interest discussion groups and to more formally structured electronic conferences, and it will offer technical and logistical advice on electronic communications to participating agencies. Bellanet will be governed by an international steering committee representing collaborating donors.
- **International Network of Green Planners (INGP).** This network was launched in 1993 by the Dutch and Canadian Environment Ministries to provide an international forum for environmental policy-makers eager to benefit from each other’s experience. The informal network currently has over 200 members from more than 60 countries. Three international meetings have taken place to date: one on strategic environmental policy, one on surface water management, and one on integrating environment into national and international planning processes. The INGP secretariat, based in the Netherlands, produces a newsletter called “the Green Page.”

- **International Environmental and Natural Resource Assessment Information Service (INTERAISE).** In 1990 on behalf of the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD/DAC), a collaborative effort of the International Institute for Environment and Development (IIED), the World Resources Institute (WRI), and the World Conservation Union (IUCN) began to gather information and documentation on national environmental profiles, strategies, action plans, UNCED reports, and other natural resource assessments. Annotated bibliographies of these assessments are provided in biannual Directories of Country Environmental Studies and companion diskettes. The information is readily available to developing countries and the development aid community.

Informal Mechanisms

In-country exchange of information—among donors, among donors and recipient government officials, and among resident donor representatives and visiting donor staff—makes up the foundation of donor coordination. Informal exchanges can range from meetings between senior donor representatives and the Minister of Finance to review conditions for project disbursement, to briefings of visiting IMF team members, to periodic meetings among agricultural experts from various donor missions to review projections of maize production, to field visits by donor staff to discuss import restrictions

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with local businesspeople. Those meetings and visits are supplemented by more casual contacts by senior and junior donor staff. These exchanges enable donors to keep a finger on the political, economic, and social pulse of the country, and to stay abreast of other donor activities and initiatives. In a parallel international process, donor representatives interact at technical

meetings to reach agreement on a common agenda for an upcoming meeting by e-mail, telephone and fax.

As for informal opportunities to get to know one another, expand networks, discuss projects, and exchange other information, donors and recipients sometimes form “like minded” groups (the best known such grouping would be the Scandinavian countries), or build coalitions on a common platform for issues raised at the DAC or the European Union plenaries, for example. Informal coordination can also arise out of opportunity, such as when World Bank representatives traveling from Washington to Dakar stop over in Paris to meet with their counterparts from French bilateral assistance agencies. Or, British ODA may find that coordination with the EC improves after a seconded ODA employee returns from Brussels. Coordination is also sometimes enhanced serendipitously when the counterpart for a bilateral donor at a multilateral institution happens to be a citizen of that country (for instance, a German national who works at an IDB office in Central America is a natural liaison for German aid agencies there).

Recipient Country

- **Consultative Groups.** Initiated by the World Bank for recipient countries where many donors are active, consultative groups (CG) meet every one or two years, either in Paris or the recipient country’s capital, to assess the country’s progress on IMF and World Bank-endorsed macroeconomic reforms. Recipient government representatives propose projects for funding in the coming year, and donors announce their intended funding levels.
- **Round Tables.** The round table process aims to mobilize and enhance the effectiveness of the external resources needed to accelerate economic and social development in aid-receiving countries. Through consultations and related activities, donors and governments of aid-receiving countries seek broad agreement on the recipient country’s policies, programs, and projects and define the level and type of external support required. The consultative cycle includes: (1) a formal review meeting every one or two years normally in Geneva, involving the principal donors and the recipient country government and chaired or co-chaired by UNDP; (2) sectoral consultations or thematic meetings to

translate overall policy agreements into sectoral strategies and programs; (3) periodic review meetings to monitor the results of the process in general and the formal review conference in particular. An important goal of the round table process is to build the recipient country’s capacity to set its own policies and development priorities, ensure the coherence of sectoral programs with overall development strategies, and set priorities for aid coordination and management. The sectoral consultation could be expanded to include NGO or private sector representatives.

- **Sectoral or Thematic.** Within a recipient country, most donor coordination efforts revolve around specific sectors or issues. These forums bring together the people most directly involved in the issues at hand and offer the greatest opportunity to translate substantive discussions into practice. (This type of forum will be examined in more detail in the next section.)
- **Informal Mechanisms.** Informal contacts, in many cases the preferred method, turn up information that can lead to better coordination. The case studies revealed that formal coordination meetings at the country level often are merely platforms for donors or recipients to announce what had already been decided elsewhere. Nevertheless, even when formal forums allow for little real discussion, many respondents said that they continue to attend so they can get to know other donor representatives.

Summary

At the international level are multitudes of formal and informal coordination mechanisms. None of them would function if the actors did not perceive some benefits to participation—whether an opportunity to be regarded as a “key player” in development assistance, to advance a political or social agenda by swaying others to the cause, to pool and distribute limited aid resources

In the absence of an optimal donor coordination forum, informal coordination will probably remain the vehicle of choice among donors and recipients alike.

efficiently or to heighten a program's effectiveness by ensuring that the programs of others are not at cross purposes. Conversely, the large number of forums may indicate that creating a new forum is at times seen as an alternative to repairing one that is not achieving its desired objectives. Various factors can weaken or even cripple a coordination forum. As one example, in the post-UNCED period, a proliferation of donor groups covering similar territory has left many groups—such as the CIDIE—without a distinct mandate relative to other forums. As another, coordination among countries can be hampered by the difference in implementing agencies' mandates: whereas in the United States agencies such as USAID are involved in policy formulation, Japan's International Cooperation Agency (JICA) and the Overseas Economic Cooperation Fund (OECF) are strictly limited to executing the policies of the Foreign Affairs Ministry. In the absence of an optimal donor coordination forum, informal coordination will probably remain the vehicle of choice among donors and recipients alike.

At the recipient country level, many of the same problems apply. Concerning consultative groups, many participants regret the formal "scripted" nature of the typical meeting, arguing that it allows for little substantive discussion. Others consider CG meetings valuable opportunities to find out who is doing what in a given country and for the recipient organization to make its priorities clear. When the Round Tables don't function as desired, a failure of leadership is often to blame. Frequently, a handicap to in-country forums is that they can easily become donor-driven initiatives. The Club du Sahel is hopeful that the International

Convention on Desertification will usher in a new era in donor coordination, partly because the affected country's demonstrated commitment to coordinating its own state services in the fight against desertification is the prerequisite for concerted donor support. New efforts to establish coordinating forums prove that demand for them remains high, but also that past efforts have failed to meet needs or expectations.

At any level, donor coordination poses a formidable challenge. Differences in approach, ideology, administrative procedure, and operating or communication style get magnified when compared across nations, regions, languages, and cultures. Even so, examples of efforts to coordinate abound. How well depends on the personalities of the individuals involved, leadership, the amount of time and resources available to enable participants to meet regularly, the manageability of the scope of work, the importance to each participant's principal agenda of the issues at hand, and other factors. These factors are most easily examined and influenced at the country level—where coordination is most concrete and effective.

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IV. Country Experience with Donor Coordination

Two principles or objectives shape the discussion of donor coordination today. First, the most important arena for coordination is at the country level. Second, it is the recipient government's responsibility to coordinate donors and ensure a match between donor activities and the country's vision for its own sustainable future. Although international progress on clarifying or harmonizing policies and agreement on development cooperation guidelines or approaches can be crucial for the efficient delivery of development assistance, coordination efforts in the recipient country itself usually have greatest impact. Conversely, without the government's leadership, explicit approval, or perceived "ownership" of coordination activities, no donor coordination forum can expect long-term success.

With these principles in mind, WRI's brief assessment of donor coordination in the six case-study countries—Bangladesh, Indonesia, Bolivia, Nicaragua, Mali, and Tanzania—sought to identify the main mechanisms for coordination in each country and determine how well they work. The results of that review are summarized here along with general findings, derived from our interviews with donor representatives.

National Planning

UNCED laid before the global community the imperative of multisectoral planning at the country level. National planning and priority-setting ideally bring together the diverse elements of a country's development agenda into a coherent whole that conforms to the country's vision of its future. Then, donors' contributions can be organized to help implement the plan. But if planning and external funding don't draw on a multisectoral framework, the country's national plan will remain a patchwork of sectoral plans that may compete for resources.

Unfortunately, countries at *any* level of development have engaged in effective multisectoral planning which takes years of arduous internal debate to establish. Furthermore, numerous countries that have had strong central planning systems have miserable sustainable development records. In fact, the best results for

sustainable development are most likely to be achieved by building within each country a customized network of planning instruments: some national, some sub-national, and some perhaps linked to market signals. A country's vision for its development, and strategies for realizing the vision, will ideally be formulated in a variety of ways at a variety of levels, and be revised continually. However, good national coordination will largely be a matter of coordinating donors and meshing their priorities with those of the country.

Of the six case-study countries, only Indonesia has a single central body designated to deal with both national planning and donor coordination. However, each country has some type of system in place for outlining national priorities annually and for matching them with donor contributions. In most cases, the standard procedure is that sectoral ministries submit project proposals to a designated central government authority which considers them in light of national goals and priorities and then advances them to prospective donors. Once funding has been agreed, sectoral ministries are usually charged with implementing projects by working with donor field staff. In practice, many countries diverge from this procedure. For example,

- **Mali** has no central donor coordination office. The president's directorate of planning, known as the "Plan," builds consensus around macro-political issues and general development directions, but does not get involved in practical or operational matters, so has little direct business with donors. Ministerial departments have "cells" to liaise with donors to match donor activities in the given sector with national priorities, to help the ministries choose good projects, and to monitor progress. Created under pressure from donors, cells have not been as effective as hoped. Furthermore, some donors find the "Plan" unclear and don't agree on whether it should define broad policy directions or address operational coordination activities.

Significantly, the Malian Government has combined its NEAP and action plan for combating desertification and established a permanent secretariat to guide implementation of this

combined plan and the international conventions on biodiversity and climate change. A consortium of donors selected Germany to act as “chef de file” for coordinating donor support.

- **Tanzania** also lacks central authority designated to coordinate donors. A Planning Commission housed in the President’s office is charged with developing overall strategies. With encouragement from UNDP, the Ministry of Finance is now establishing an Aid Management and Coordination System (AMACS) to track financial information associated with aid disbursements. Desk officers at the Ministry of Finance are assigned to work with various donors, but the Ministry has until recently lacked a central office for this purpose. Ultimately, the Ministry hopes that all aid will be channeled through AMACS so that it may be more efficiently monitored, and all funding will be deposited first in the Treasury. Currently, donors make most payments directly to the sectoral ministries.
- **Bangladesh’s** Planning Commission examines all government projects and programs to root out duplication and assess relevance to national priorities, while the Ministry of Finance’s External Relations Division (ERD) has the official donor liaison mandate. The ERD has seven wings, one of which houses the coordination office. Sectoral ministries propose projects to the ERD, which then negotiates cooperation agreements with donors. In principle, the Planning Commission screens donor projects for duplication as they come through the ERD, but institutional memory in the Commission suffers because personnel shifts are frequent, so occasionally overlapping projects slip through. Furthermore, since the Commission divides its work sector by sector, communication with the ERD, which works donor by donor, can be confusing.
- **Bappenas, Indonesia’s** State Ministry for Development Planning, is broken into several bureaus. One monitors donor activities, one negotiates bilateral economic cooperation, and several have sectoral responsibilities. Sectoral ministries make funding proposals to Bappenas; then the sectoral bureaus meet annually to review, select, and insert the best proposals into a “Blue Book” outlining Indonesia’s development priorities for the year. At this time, proposals are examined for feasibility, overlap, and compatibility with the country’s current five-year plan. At the annual Consultative Group forum, Indonesia announces the contents of its Blue Book, and donors pledge the amount of aid allotted. Either before or after the CG meeting, Bappenas officials meet with bilateral donor representatives to identify concrete projects. In principle, Indonesia has a strong, centralized system for guiding and monitoring donor activities and their relationship to national goals. In practice, donors often discuss their ideas and reach agreement on projects directly with the sectoral ministries, which then send them on to Bappenas.
- **Bolivia’s** national planning and coordination system is somewhat complicated. The Sustainable Development and Environment Ministry’s (MDSMA) current reference document for executing its long-term vision is called the PGDES (Plan General de Desarrollo Económico y Social). MDSMA administers a National Planning System (SISPLAN) through a National Planning Secretariat (SNP). The SISPLAN operates on three levels: national, departmental, and municipal, each with its own coordinating entity. At the national level, a Council for National Development (CODENA) prepares a portfolio for public sector programs, drawing on information from a process in which sectoral ministries coordinate their plans with the SNP, which determines their compatibility with the PGDES. The portfolio then guides the budget allocation within the Ministry of Economy’s National Economics Secretariat (through its National Investment System, or SNIP). Ministries channel their specific project funding ideas through SNIP, which prepares the proposals for external funding negotiations with donors. Although the MDSMA would be an ideal center for cross-sectoral donor coordination, so far it has taken little initiative on this front. The Bolivian government, according to a number of donors, articulates its national priorities very well, but it is less adept at translating them into concrete plans or activities.
- **Nicaragua’s** Ministry of External Cooperation (MCE) houses a directorate of programming and coordination, which in turn has bilateral and multilateral departments. Donors pledge an amount of assistance to the MCE annually. The MCE then informs the sectoral ministries, which send

proposals back to the MCE for review against national considerations. The MCE then forwards the project proposals to donors. According to case study interviews, one complicating factor is that the Inter-American Development Bank and the World Bank formally work directly with the Ministry of Economics and Development, instead of the MCE. Although roughly 80 percent of development cooperation is channeled through the MCE, some agreements come to its attention after the fact. Often, other donors negotiate with sectoral ministries before communicating with the MCE, which is then criticized by donors for not matching projects to national priorities better.

Over the past several years, Nicaragua with considerable help from donors has formulated a number of sustainable development strategies, such as a TFAP, a NEAP, and a Sustainable Development and Conservation Strategy. In interviews, some functionaries whose vision informed these strategies reported frustration with the institutional delays in follow up; many have since left the Ministry of Natural Resources (MARENA) to try to push for an implementation program from outside as members of civil society.

Matching national plans to donor contributions is difficult if a country's national "plan" for the year more closely resembles a shopping list of projects which the country hopes donors will fund, or contains an incoherent set of projects that various ministries have inserted onto the national agenda to promote narrow sectoral objectives. By the time sectoral ministries advance their proposals to the central planning or coordination body in the country, odds are good that they have already negotiated funding arrangements directly with donors. In many cases, donors contribute to this problem by negotiating with sectoral ministries before or instead of the designated central authority.

This tendency for national planning to promote a patchwork of interests can also be seen in the way donor coordination occurs at the country level. Very few recipient countries have donor forums for field-based personnel to coordinate on general approaches or multisectoral planning. Consultative Groups and Round Tables entertain broad multi-sectoral discussions, but they are often too formal to be useful to field practitioners. In Bangladesh, it is a local CG variant that

shows promise for engaging government, and some 20 informal CG sub-groups on topics ranging from gender to water, poverty, fisheries, or environment that win the highest praise from donors. Similarly, in Mali, the Round Table spawned a number of narrower spin-offs (such as one dealing with ethnic problems in the northern part of the country) where the real action takes place.

Sectoral Coordination

When national planning bodies fail to integrate sectoral objectives adequately into an overall plan, national efforts and resource distribution at the sectoral level get over-emphasized. For this reason, most coordination takes place at this level too. A critical question, then, is whether decisions taken at various sectoral forums get translated into action where it counts: in the field. A full answer to this important question is beyond the scope of this report, but it is clear that good discussion is only half of the story and that a coordination forum's success depends on other factors too:

1. The forum focuses on a particular sector or set of issues in which donor or government participants have sufficient interest, expertise, or involvement.
2. The recipient government initiates the forum and presides over it, or plays a leadership role once donors have started the process.
3. The forum's agenda is guided by a government-driven strategy with clearly articulated priorities.
4. High-level officials in the recipient government support the forum.
5. Donors acknowledge and accept government leadership.
6. The forum is well organized, meetings are held at regular intervals, participation is consistent, background documentation is good, and leadership of the proceedings is effective. (Often, establishing a "secretariat" to prepare and monitor the forum and related activities in between meetings is useful).

Major Sectoral Forums from the Case-Study Countries

Mali

Round Tables constitute Mali's principal tool for donor coordination, although there is no active "global forum" for sustainable development per se. Instead, donors and government prefer to work in sectoral sub-groups or on issues ranging from population to decentralization to ethnic strife in northern Mali.

- The most highly regarded donor forum in Mali is one concerned with the activities of the Office du Niger, a parastatal involved in activities from rice or sugar production to irrigation projects. A donor/government meeting occurs three to four times a year under the active leadership of a Malian delegate general, attended by donors such as the World Bank, the European Commission, the KfW, USAID, the Netherlands, la Caisse Française de Développement, and le Fond d'Aide et de Coopération.
- The CMDT (Compagnie Maliene pour le Développement des Fibres et Textiles) group handles operational aspects of the government's plan for developing its textile industry. Although less rigorously structured than the Office du Niger, CMDT meetings occur more or less regularly, under the leadership of Mali.
- The World Food Programme acts as secretariat for the PRMC (Programme de Restructuration du Marché Cerealier), a donor forum that focuses on food security through enhancing the cereals market. Meetings involving Germany, the World Bank, the Netherlands, UNDP, and representatives of the Ministry of Finance and various technical departments take place as needed.

Other groups in Mali, dealing with such matters as national agricultural research, domestic energy production, health, and education, vary in effectiveness. Success typically depends on the degree of commitment demonstrated by the government office charged with leadership and on the amount of donor resources at stake. Donors seem most inclined to work together

when they have committed large amounts of money in a given sector.

Tanzania

Many donors have said that they have never seen a country with more donor forums than Tanzania. That said, one coordination effort is worth emulating.

- The Integrated Roads Project was initiated by the government in 1987 and enjoys presidential support. Its well-equipped coordinating office produces monthly status reports and channels all relevant communication to government offices, private contractors, and the 18 donors involved. The IRP derives from an integrated strategy document that rigorously defines priorities and clearly articulates each donor's niche.
- A recent development in Tanzania offers promise of similar success. The Ministry of Health with help from DANIDA has produced a strategic plan intended to guide all donor inputs.
- The Donor Group on Environment meets monthly for relatively informal discussions. These meetings are attended by donor representatives, various government ministry representatives, visiting consultants, and others.

Other sectoral or topical meetings take place with frequency varying from once a month (e.g., environment) to rarely (e.g., private sector). Most are supposed to be chaired by a government representative, though often no representative of the government attends. Although a chief-of-mission level "donor assistance committee" meets monthly to discuss broader policy issues, smaller, more specific groupings abound, leading to complaints that there are far too many donor meetings to attend, particularly in view of the relatively low level of interest exhibited by Tanzanian officials.

Bangladesh

As mentioned above, the Consultative Group process in Bangladesh has broken into several parts. The regular CG which takes place in Paris—so far from Dhaka—is evidence to some observers that the government's interests are not necessarily at the core of the process. In the CG, the government takes a more active role and

has proposed splintering into more focused discussion groups covering public sector management, state-NGO relations and other topics. Each of the nearly 20 local sub-groups that are part of the CG is led by a donor program office with a particular interest in the sector. (Their frequency and effectiveness varies, largely depending on the leader's initiative, and while some of the sub-groups invite government participation, others do not.)

- As in many of the case-study countries, there is an active group of "like minded" donors—in this case Canada, Denmark, Sweden, Norway and the Netherlands—that meets monthly to form common approaches on macro-economic and social goals, and sometimes to discuss specific projects or programs.
- USAID leads a discussion group known as "Common View" to promote privatization, free market development, and democratization.

Indonesia

In Indonesia's many sectoral forums donors discuss coordination and issues of common interest. For the most part, the government does not take an active role.

- Bappedal, the office responsible for coordinating donor activities in the environment sector, runs a discussion group on pollution control.
- A Consultative Group on Indonesian Forestry with several technical working groups enjoys high participation among donors, but tends to be mostly a platform for donors to describe their own activities rather than to discuss coordination.
- The Ministry of Education hosts one or two meetings per year for high-level donor representatives. They are well organized and documented, and they cover a broad range of issues.

Other groups meet on subjects ranging from safe motherhood (quarterly, led by the Ministry of Health with support from WHO and UNICEF), to HIV/AIDS (which suffered from some intra-governmental rivalry over leadership, and involves donors, UN agencies, government representatives, and a number of NGOs), to

women's issues (promoted largely by CIDA and the World Bank, and lately with more NGO involvement).

Bolivia

A National Fund for the Environment (FONAMA) handles donor coordination for environmental projects once the funding has been secured. An environment account set up by FONAMA becomes a focal point for donor meetings to determine beneficiaries and to program expenses and discuss technical matters. Meetings typically occur every three months, and involve FONAMA, an MDSMA representative, the donor representative(s), and often NGO representatives, if both donor and government participants agree.

Nicaragua

Nicaragua's Ministry of Environment and Natural Resources (MARENA) has its own five-year public investment plan and foreign cooperation unit, but the environmental donor's group started in 1991 by a committed SIDA officer, exchanges insights and agrees on joint activities without MARENA's participation. About eleven donors participate in discussions on Nicaragua's economic and environmental situation, and occasionally in debates on such subjects as preparing the country's NEAP.

- The Swiss have initiated an informational exchange forum to coordinate activities and harmonize policies in support of the Nicaraguan Agricultural Technology Institute, and hope eventually to turn over leadership to INTA itself.
- The World Food Programme gives donors "food aid forms" that are then used to gather and disseminate information on the sector, and donors meet every six months or so to talk about food aid programs.
- The "Nordic Group"—NORAD, SIDA, FINNIDA, DANIDA—meets informally to coordinate activities in Nicaragua, but also discusses regional programs and initiatives for Central America.

Respondents suggested that a coordination effort's success or failure most often hinges on the personality of the donor representative charged with leadership, on links to concrete projects, and the Nicaraguan government's perception that participating pays off. In

many cases, the country's lack of a long-term, integrated vision has hindered effective coordination.

Coordination Led by Recipient Governments

Any donor coordination forum's chances for success relies heavily on the recipient government's ability—or will—to take the lead. That countries should first define their own development priorities and then rally donors to support them remains in most cases the Holy Grail of development cooperation. Yet, many don't because they lack the institutional capacity, because responsibilities aren't clearly delineated among government agencies, or because there is no clear national development vision and priorities to guide action by government and its development partners. Some simply lack the will.

Capacity Limitations. In Tanzania, some donors complained that it is sometimes difficult to find government officials in their offices, possibly because their salaries are so low that they must supplement their incomes elsewhere. Furthermore, the local phone system in Dar es Salaam is so poor that it's difficult to make contacts and appointments without going around in person. In Indonesia, where Bappedal is responsible for donor coordination in environmental protection activities, few of the high-level participants (from government) are the environmental experts. (To bridge the knowledge gap, many donors place foreign advisors in Bappedal.)

Unclear Vision. In Bolivia, respondents said that the government had developed clear priorities, but no concrete plans to which donors could respond. In Nicaragua, respondents said the government is too pliant in bending its priorities to meet perceived donor interests.

Lack of Will. In some cases, recipient governments resist coordination in the belief that they can derive greater benefits from keeping donors apart, either by getting them to compete for projects so the country can choose the one that offers the most favorable conditions, or by allowing donors to fund similar projects, bringing more money into the coffers than if donors divvied up all of their tasks. In some cases, different ministries are assigned to different donors, virtually ensuring that they

won't communicate on how to work together.

Similarly, in countries like Tanzania where external funding can go directly to a sectoral ministry, these ministries may seek support for narrow sectoral projects rather than spending time worrying about how they fit into a broader national plan.

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Corruption. A number of the people interviewed for this report pointed to corruption as a persistent factor in some donor-recipient relationships. In some cases, special relationships do “grease the wheels” of development assistance by making it worth someone's while to get a particular thing done—arguably a form of “informal” coordination. Nonetheless, corruption's tendency to serve very narrow interests for short-term gain runs contrary to some of the broader objectives of donor coordination. The issue should not be overlooked or underestimated.

Donor Demands. Although some recipient countries are responsible for poor budget policies, mismanagement, even corruption, none can be blamed for the bewildering array of conditions imposed by donors. (For instance, a common complaint emerging from the case studies is that each donor wants project proposals or evaluations in a different format.) Additionally, development cooperation is a volatile enterprise. In the case of most bilateral assistance, the cooperation horizon is one to three years. Because donors need to tailor their aid packages to the changing demands of domestic interests and priorities, recipients rarely know for sure what donor commitments will be beyond the next year or two or three. They are often forced to make long-term plans with inherently short-term financial commitments. And some countries are deeply, even inextricably, dependent on foreign assistance. (In Nicaragua or Bangladesh, for example, significant portions of the GDP are foreign aid.) Since the countries receiving the largest volumes

of external aid are least equipped to handle it, the coordination challenge is enormous.

The Leadership Gap. Although the capacities of recipient countries vary greatly, and there is a clear trend toward growing self-confidence of developing country governments, many recipients are content to continue letting donors do the work of coordination, and many donors grow impatient when the recipient government doesn't take the lead. The danger—still with us even though the dynamics of communication between recipients and donors are changing—is that donors will fill the breach, get frustrated, and pull back out, leaving a vacuum and a recipient too dependent on outside aid.

When donors do try to manage coordination in such a vacuum, who takes the lead? In most cases, it is either a representative of the donor with the most money invested (very often the World Bank), and thus the most clout with the recipient government, or a representative of the donor with the most expertise. (The Germans and Swedes often take the lead in forestry matters, for example.) The UNDP Resident Representative would be a logical leader, not only because he or she is already charged with coordinating the work of all UN agencies in the country, but also because the UNDP is not bound by many of the political and commercial factors that constrain bilateral donors, or the tight fiscal return

pressures of the multilateral banks. Furthermore, the UNDP historically has close ties with government offices, and has long promoted the notion that the recipient country should be the leader in coordination activities. In practice, respondents report, UNDP policy is to assume leadership only when the government asks. UNDP rarely brings enough money to the table to be taken as seriously as some other donors, and the personal dynamism and competence of the individual UNDP Resident Representative can make or break the UNDP's success as a leader in country-level forums.

Building Capacity. What are donors doing to build the capacity of recipient countries to coordinate the activities of donors? When donors themselves take the lead, recipients may feel ganged-up on or bullied. Yet, some donors insist that donor-led coordination is needed to keep things moving along until the country can take the reins, while others argue that donors should use their collective influence to push human rights, democratic participation, or public expenditure priorities. Others say that conditionality per se is not the problem, but rather the *type* of conditionality that is imposed—in other words, that worthy ends justify otherwise objectionable means. In any case, donors may never offer unconditional aid, so the challenge is helping countries say no to aid that comes with conditions that don't fit their vision for their own development.

V. Constraints to Coordination

Practitioners who have worked in development cooperation for many years point out that donor coordination has always been an issue and everyone agrees that more or better coordination is desirable, but also that the ideal is not the practical reality. Numerous legitimate obstacles to coordination have proven deeply intransigent over time, and overcoming some of them exacts a political, social, institutional, or economic price. Along with humanitarian objectives, national interests get at the heart of why countries extend development assistance to others in the first place. On the one hand, attempting to remove commercial and political objectives can undermine donors' motivations. On the other hand, a donor's legitimate expression of self interest may conflict with that of another donor country's equally valid expression, thus hampering donor coordination. Additionally, each donor's bureaucracy has its own operating styles and procedures, which may not mesh easily with those of other donors and recipients.

Political Constraints

Geopolitics

During the Cold War, geopolitics played a strong role in dictating development policy. Even today, concerns such as human rights and democracy dominate public discourse and find their way onto the development agendas of donor states. But though the donor community strives to find common ground on these political imperatives, each factors them into their development policies in different ways. Some donors' long involvement with particular recipient countries (e.g., the British in Kenya, the Belgians in Rwanda, France in West Africa, the U.S. in Nicaragua or Egypt) makes them unresponsive to the concerns of the broader donor community.

Size

Quite a few respondents claim that coordination at the international and especially the national level regularly hinges on the participation if not the leadership of the donors with the most funds at stake (e.g., the World Bank) or with the largest field presence (historically in

many places USAID), though tight political connections or regional expertise can also contribute to such stature among the donors. Having major donors on board may not ensure success, but *not* having them risks sinking the ship. The problem is that big donors often believe that they have little to gain from coordinating with other donors.

Accountability

Each country is accountable primarily to its parliament (as representatives of its citizens, whose taxes fund development agencies' work), and each multilateral organization to its governing board (as representatives of its member states). Seeking accountability, donors naturally seek out the best projects, personnel, and government contacts in a given recipient country, often leading to some competition among donors. On the one hand, public opinion can exert a healthy pressure on donor agencies to use their money well; on the other, to respond to its home constituency a donor may conduct aid programs in ways that don't help recipient countries and that conflict with the means used by other donors, thus hindering coordination efforts.

Domestic Support

Coordinating with other donors often diminishes a donor's visibility. With public support for development assistance waning in many nations, to show that the money is being spent well is to seek out a unique niche and to "wave the flag." Some French and New Zealand respondents said they prefer to coordinate with multilateral organizations, because in such relationships their identity is not as likely to get "lost" as it is with other bilaterals and because the relationships are less competitive.

However, the growing emphasis on participation in development philosophy may make it easier to take credit for a job well done as part of a team. Home constituencies may see collaboration as a means to cut costs for each individual donor by pooling resources and sharing burdens.

Inter-Ministerial Competition

In donor countries as in recipient countries, many ministries exhibit “turf mentality” and jockey for position and influence, both in internal decision-making and in external relationships. In a donor’s development cooperation system, the ministries wielding the greatest influence are those dealing with money (finance, trade) or foreign policy. Their agendas are often focused on the short-term and the bottom line, whereas the agendas of other “second tier” ministries most concerned with long-term, sustainable development—such as environment, health, or education—often get pushed aside or at least into the second order of priority. Such competition diminishes the flexibility of actors in donor coordination to pursue any but the most immediate domestic interests.

Commercial Constraints

Virtually all development aid programs express donor’s commercial interests. When procurement practices are bound by domestic legal obligations, as often happens, compromise with the procedures and practices of other donors becomes extremely difficult.

Each country seeks markets for its products, and aid-receiving countries make convenient buyers since the donor can either tie the delivery of aid to certain procurement regulations, or require its staff to use domestically produced equipment and products in aid programs and projects. This approach can make it hard for the recipient country to fulfill its development goals. For example, respondents in Jakarta felt donors’ commercial objectives—as manifested in such tactics as requiring recipients to spend soft loan funds on imports from the donor country—often conflict with Indonesia’s drive to increase its own production.

Similarly, many donors are obliged by public opinion or by law to employ their own citizens as staff and consultants as much as possible. The chosen individuals might not necessarily be the best qualified for the job, and filling a job that a recipient country national might have been trained and paid to perform may delay capacity building. While certainly a justifiable goal from the donor population’s point of view, such a practice can undermine a recipient

country’s belief in the donor’s commitment to capacity building.

Administrative and Structural Constraints

Procedural Differences

Several donors have found that harmonizing procedures is difficult enough within a single donor apparatus (such as between the German KfW and GTZ), let alone among donors. As sovereign entities, every donor has a right to its own style and procedures, but the time expended by

Numerous recipient country officials pointed to differing reporting requirements and formats as the single most burdensome aspect of donor assistance and complained that recipients are often expected to provide essentially the same information in several different ways.

donor staff and recipients alike in adhering to specified reporting formats or other bureaucratic measures could be minimized if procedures were streamlined or standardized. Numerous recipient country officials pointed to differing reporting requirements and formats as the single most burdensome aspect of donor assistance and complained that recipients are often expected to provide essentially the same information in several different ways.

It is unclear whether confusion born of procedural differences constrains coordination or simply signifies a lack of coordination. Either way, improvement in this situation requires each party to compromise. Indeed, a change of attitude is needed at all levels, along with a frank acknowledgment of the tension between doing what’s best for the recipient country and doing what’s best for the donor’s parliament.

Program Cycles and Aid Disbursement

Planning cycles add another layer to the bureaucratic maze. Each country determines the length of its planning “pipeline.” Some donors take several years to move a project from design through implementation. When do they bring other donors into the loop? And what are the chances that something that has been so

long in the planning stages will be abandoned or substantially altered if it is later learned that it essentially duplicates what another donor has done or is doing?

In a related issue: donors typically budget aid packages over one, two, or three fiscal years, yet many development projects take much longer to launch and complete. Hence, long-term plans are made with only short-term resources, and both the implementing agencies and the recipient countries are hard pressed to know what to count on in terms of resource flows.

Donors often compete for projects for domestic public relations reasons, but another factor is that the development assistance system in most countries works “backwards”: money is allocated for development cooperation and then the agencies figure out how to spend it. As a result, one measure of an agency’s “success” is having spent its entire budget allocation.

Funding Levels

Many respondents said that how much money, or, to a lesser extent, technical expertise a given donor brings to the table influences how easily it can coordinate with others. Conversely, donors without deep pockets or huge profiles are unlikely to be taken seriously in discussions of concrete coordination. On the other hand, a donor with vast resources (such as the World Bank) can overwhelm other donors, partly because some donors believe that activities led by a large donor will have greater impact.

Budgeting

Donors may also send confusing messages to each other and to recipient countries if their procedures are not clear or logical to all. For example, a major donor might be unable to attend a CG meeting because travel funds come from a separate budget line from that of projects. The recipient country attending the CG sees millions of dollars spent on development projects, yet marvels that the donor can’t afford to attend meetings.

Field Presence

The way donors divide up their development cooperation authority and responsibilities can also

hinder closer coordination with other donors. One example is the wide range in staff presence in the field. Some donors “borrow” the services of foreign affairs personnel at their embassies or missions; others have large or separate offices from the diplomatic corps; still others have small offices attached or separate from the embassies. In some instances, the field presence is little more than a “mailbox.”

Large aid missions may be disinclined to coordinate donor activities because they consider themselves well staffed and influential enough to get what they want on their own. However, while smaller donors may see coordination as a way to increase their impact, coordination may be more difficult for them in practical terms. For example, taking certain decisions at the country level may require flying in someone from a regional office in a neighboring country or from headquarters, which is both time-consuming and expensive. Probably there is a “critical mass” of field personnel needed to facilitate coordination among in-country donors.

Large aid missions may be disinclined to coordinate donor activities because they consider themselves well staffed and influential enough to get what they want on their own.

Staff Composition

Beyond the question of how many people donors have in the field, whether they are technical experts or generalists may help determine how well they can communicate and coordinate with other donors or government officials. Obviously a small field staff can’t possibly have an expert in every field. Indeed a donor representative in charge of, say, an environment program may be a health specialist doing double duty.

Staff rotations can also be a problem. Each donor’s field mission is comprised of individuals who are likely to be rotated to different posts throughout their careers, resulting in a nearly constant game of “musical chairs” among the donor community. There are always people new to the field who have to get to know their counterparts and the country itself. When a particular person leaves, coordination may fall apart. Conversely,

the arrival of a competent engaged individual may trigger new enthusiasm in a donor community dispirited for want of leadership.

Staff Autonomy

A related aspect of coordination is the level of autonomy granted to field staff. The point at which a donor representative must go back and consult with headquarters before taking a decision differs greatly from one donor to another. Those empowered to make decisions virtually on the spot grow impatient with those who must halt the discussion to seek guidance from headquarters.

Emphasis on Coordination

Although many donor representatives say that coordination with other donors is part of their job, unless it is explicitly mentioned in job descriptions for staff or terms of reference for consultants, it is likely to drop toward the bottom of the list of priorities. If the headquarters' offices want field staff to take coordination efforts seriously, they must emphasize it in their instructions to field staff and then make it part of their performance evaluations. Performance should be appraised negatively if the representative spent time and money on a project that duplicated what another donor was doing.

Time Constraints

For field staff, the time factor often proves paramount in coordination. Unless concrete results can be expected from coordination, staff with dozens of other tasks may not consider participation worthwhile. In the case studies, donor representatives and recipient country officers alike echoed the notion that "if coordination means more meetings, we don't want it."

Cultural Differences

Differences among donors in terms of "culture" and operating style can influence how well they coordinate among each other. Some countries naturally or historically work well together. Nordic states, with a history of common interests and approaches, are a well known example.

Physical Distance

Time zone and geographical distance make communications harder for some countries (like Japan or Australia) than for others (like Germany, and the Netherlands, or Canada and the United States.) Even among actors working in the recipient country, poor communications hinder coordination. Not surprisingly, donors sharing a building or in neighboring buildings, often work more closely than those donors located across town or in different villages.

Summary

While these and other factors pose very real obstacles to in-country coordination on balance, it still appears to be more effective than international coordination. The people involved work in physical proximity and with an awareness of the country's peculiar needs and circumstances. Their spirit of "being in the trenches" together invites closer cooperation than can be seen at the international level, and work is much more focused on its operational and practical elements than on broader policy goals and objectives. Finally, the critical role of personalities in the whole game should not be overlooked or underestimated. There is simply no substitute for a dynamic or committed individual who can rally others to a common cause.

VI. Trends Shaping Development Cooperation

Among others, six emerging trends are likely to affect donor coordination in the years ahead. Some may facilitate better coordination while others impose additional constraints. But all merit consideration as donor agencies plan future development cooperation programs, explore avenues for improving donor coordination, and help build recipient-country capacity to play a greater role in that process.

Stagnation of Donor Resource Flows

OECD figures for 1994 show a small increase in net official development assistance flows to \$57.8 billion. However, in real (1993) terms it represents a decrease of 1.8 percent, and follows a net decrease of 5 percent in 1993. In real terms, 1994 flows are less than they were in 1990. This pattern of stagnating or declining levels of official development assistance shows no sign of reversal.

The fact that “aid fatigue” is occurring at a time of general economic buoyancy is bad news for the development community. In several donor countries, domestic pressure to reexamine government expenditure priorities, including the role of development assistance, heightens this cause for concern. In the United States, for example, the movement in Congress to reduce foreign aid could trigger similar reductions among other donors. In general, respondents were gloomy in their assessments about development assistance’s future.

How a leveling-off of resources would affect donor coordination remains unclear, however. On the one hand, funding for new sustainable development-related initiatives will probably be reduced, even though most respondents agreed that a well-conceptualized project can almost always attract funding. On the other hand, fewer resources could *enhance* coordination by putting a premium on the pooling of resources to maximize impact and efficiency. With donors in a position to fund large projects unilaterally, working together to ensure full funding of activities of mutual high priority, to achieve common objectives, and to avoid overlap makes more sense than ever.

Partly because a “no growth scenario” has unfolded in the public sector, private sector resource flows to developing countries now far outstrip official development assistance flows—\$97.1 billion compared to \$57.8 billion in current dollars (by contrast, in 1990 both were approximately \$52 billion). The implications for sustainable development in this context are significant. Although exceptions abound, and admittedly these flows reach only the more advanced developing countries, the private sector typically exhibits less concern for sustainable development or environmental agendas than do public sector donors. A coordinated donor approach to sustainable development issues could conceivably be undermined if the private sector remains wedded only to the bottom line—already the case in such countries as Guyana, Suriname, Ivory Coast, Congo, and Papua New Guinea among others.

Decentralization/Broader Participation in Decision-Making

Two related political developments in this decade will become increasingly important in donor coordination, particularly at the country level. One is the diminishing role that central government agencies are playing in planning and implementing many economic and social programs, especially regionally and locally. The second is a dramatic rise in the number of host-country actors eager to help decide where and how donor resources should be directed.

The accelerating trend towards government decentralization, with more authority and responsibility devolving downwards to regional, state and local governments, is an outgrowth of a powerful movement toward widely participatory democracy. Both donors and recipients increasingly recognize that development programs are often more efficiently planned and implemented by the government closest to the actual project activities. In fact, several donor respondents pointed out that they found it easier to work with local governments, especially on multisectoral issues, because at that level responsibilities tended to be better integrated. By contrast, in central governments, responsibility is frequently fragmented among several main-line ministries.

In matters of environment and sustainable development, which lately enjoy a high political profile, there are a burgeoning number of host-country groups eager to play a role in decision-making and resource allocation. NGOs (both national and foreign), community and citizen action groups, university activists, and private sector representatives all want their say. The rich mixture of often conflicting concerns and interests presents decision-makers with new challenges and further complicates implementation.

Donor coordination will be affected by these shifts in several important ways. Most importantly, wider participation in decision-making will make designing and planning new project activities costlier and lengthier. Whereas donors in the past could often sit down with planning or finance ministry officials and in short order outline a major program, donors must now expand that dialogue to include other actors or risk the support necessary for success. In addition, for parallel or jointly-funded programs, donors will need to address such potentially contentious questions as how to reach consensus on development priorities, what constitutes adequate recipient-country agreement and support, and whether unpopular reform measures can realistically be pre-conditions for aid disbursement.

Increased Donor Resources Passed To/Through NGOs

Over the past several years, donors have been increasing the proportion of aid resources they channel to and through NGOs. This trend seems likely to continue, especially for programs and activities related to the environment and natural resource management. In keeping with the growing concern for broad participation in program development, donors recognize the value of international and host-country NGOs historically close links to grassroots and community-based actors.

The growing number of NGOs stems from several factors. These include the prospect of an expanded share of donor resources, continued public support and interest in environment and natural resource management issues, and a growing capacity—especially of local NGOs—to deliver services and work effectively with target audiences. The NGO community's growing influence is related to the decentralization of

government coupled with the NGOs' ability to mobilize community support and influence local decision-makers.

As NGO capacity and influence grows, however, involving these agents of change in a dialogue on strategic planning and implementation may tax both the donor community and the central government. Grassroots by nature, NGOs perforce have a relatively narrow agenda, and tend to be wary of government control over their activities. Many recipient-country NGOs have insecure financial bases and so must adopt a shorter time horizon than most foreign donors do. In addition, coordinating NGOs to achieve larger common objectives is difficult, especially in multi-donor-supported programs aimed at reforming policies or procedures, since donor and NGO interests frequently collide.

Regionalization

Parallel to the growth of NGO's roles and influence, regional groupings of organizations and states have been established. Like the introduction of new and more numerous actors in development, regionalization further complicates donor coordination.

Regional efforts to adopt common or at least to coordinate policies, approaches, or cross-boundary development programs are more than welcome in the post-UNCED era. Indeed, many development problems, notably in the environment, are borderless. In Africa, NESDA and SADCC, in Asia, ASEAN and the Mekong Commission, or in Latin America, CCAD or the Amazon Commission—to name just a few—are examples of coalitions built to enlarge development agendas beyond the nation state. By any reckoning, these regional alliances hold promise of new opportunities for coordinated donor action.

Reduction in Technical Field Presence

Under stiff budget constraints, many donor countries have been reducing their field staff and operating funds (especially for travel). Such cuts, particularly if the individuals let go are technical specialists, usually result in information gaps and an erosion of detailed technical knowledge, leaving donors vulnerable to design mistakes, faulty implementation decisions, and institutional memory loss.

This negative trend has been offset to some extent in much of Asia and Latin America by increased reliance on qualified recipient-country specialists and by improved technical capacity among local government and private sector institutions. Additionally, the spread of new electronic information technology may make it easier to transfer remaining knowledge and information. However, Africa and other regions still lack indigenous technical expertise and information technology, so less information will be available to donors to use to design and monitor processes and projects.

For donor coordination, a silver lining in this cloud is that donors will have to rely more on each other for information, jointly collecting and sharing data, even if it is still analyzed and assessed differently by each user.

Forging Alliances Between Development and Relief Agencies

The decade ahead will likely witness a significant increase in severe problems related to the environment. Many countries have managed to avert large-scale disasters so far, even though the carrying capacity of land, the availability of water, air quality and the like are under mounting stress. Rapid population increases over the next several years will magnify current problems,

and environmental disasters may increase disproportionately.

At present, longer-term crises (desertification, deforestation, soil erosion, and water pollution) are dealt with by development agencies, while short-term crises (toxic spills, locust infestations, drought) fall largely within the purview of relief agencies. Occasionally the two work together, but such cooperative efforts often reveal organizational tensions as sub-cultures collide. Whether they are donor agencies or NGOs, development and relief agencies are, at best, uneasy partners because their approaches to everything from operational time frames, to the mix of technical skills they require, to their procurement and accounting rules differ.

Coping with the environmental disasters, many of which will undoubtedly involve significant population dislocations, will continue to require both immediate and more prolonged responses. But, as the dimensions of the problems increase, donors may have to form new alliances to better integrate operations, especially in cases of cross-border disasters. In the past, many attempts to coordinate and cooperate have been successful, but the magnitude and frequency of future disasters will severely test current working relationships.

VII. Conclusions

Coordination of donor activities should not be seen as an end in itself but as a means to several other ends: greater cost-effectiveness in the selection and administration of aid programs; reduction in overlap, duplication, and conflict; more efficient project evaluation; better incorporation of lessons learned into future projects; and, most important, greater possible support for executing a recipient country's self-generated multisectoral development plan. Such integral components of the development assistance system as capacity building in the recipient country and more efficient project planning and implementation processes can stimulate greater coordination and more effective development assistance.

This study has highlighted a number of reasons why better donor coordination remains vitally important—however elusive. From the donor side, coordination is constrained primarily by the donor country's political aims and domestic social agenda and by international economic considerations. In the developing countries, some combination of inadequate institutional capacities and a leadership vacuum pose the greatest impediment.

That said, interviews and experience confirm that when donors and recipients *want* to coordinate, they find a way to do so. No doubt, genuine desires to coordinate have been thwarted by some of the other constraints discussed here, but political will is the inescapable starting point, and the necessary commitment must be shared by the whole host of actors.

Given the imperatives of domestic self-interest, this informal study identifies two basic approaches to the donor coordination question.

One: *Agree to muddle through.* Stop fussing about donor coordination. Acknowledge the factors impeding coordination, and do not try so hard to find a panacea for overcoming them. Instead of pumping more time and money into new forums and myriad meetings, focus on not obstructing worthwhile efforts where they are already occurring. It should be possible to adopt "coordination" as a guiding philosophy, yet to remove it

from the perennial list of issues to be discussed and debated endlessly.

Two: *Agree*—as this study suggests is in the best interests of the recipient countries—that the potential benefits of increased donor coordination are worth some hard work and compromise and set forth to do both.

The following suggestions may help donors and recipients on their way.

I. Acknowledge the legitimate interests—whether political, social, or economic—of both donors and recipients, and design into the donor coordination mechanisms for addressing these without interfering seriously with the development goals of aid delivery.

The potential benefits of increased donor coordination are worth some hard work and compromise.

II. Stand firm on the principle that the recipient country must take the lead in coordinating donor activities. For donors, this may mean withholding development assistance until the recipient country demonstrates a commitment to building a framework in which civil society can play a role in determining the country's future, to defining a vision for its own development, to creating a coherent, multisectoral strategy for achieving this vision, and to marshaling its own resources for this effort. For recipient countries, this may mean resisting donor pressure toward ends that are not of the country's own choosing, or toward fulfilling demands that so overtax personnel or resources that progress towards development is retarded. Capacity building should not be an enterprise in which the aid-receiving country passively lets donors build its capacity. Rather, the country should take the lead and donors should insist on it.

III. Learn lessons from past experience with donor coordination. Among these are:

- Effective donor coordination is a dynamic process, influenced primarily by dynamic individuals, and effective leadership in coordination does not always emanate from a title or a position (World Bank representative or United Nations resident representative) but instead comes from the individual(s) most concerned with influencing the process.
- Informal avenues of coordination are frequently the best: the most adaptable, most flexible, least expensive and time consuming, most direct and specific. Either formal or informal mechanisms will be only window dressing, however, unless the results translate into actions that compare in some positive way to what would happen without coordination. In whatever form it takes, coordination cannot begin and end with good ideas. Someone has to take the responsibility for seeing it through to visible or tangible results.
- Donor coordination is generally most effective at the country level, where those most familiar with and closest to the issues can focus on a relatively narrow set of goals and tasks and realize some results within relatively few years.
- At the international level, some of the most significant steps forward on donor coordination over the past 30 years came about through initiatives (such as structural adjustment programs, or the Special Program of Assistance for Africa) that created conceptual frameworks and specific policy targets around which donors could agree.
- Development-coordination mechanisms tend to be very country-specific and dependent on the size of a country's economy, the relative financial role donors play, and the changing cast of representatives. Also, the relative effectiveness of most coordination mechanisms changes over time, depending on numerous factors: participation, current concerns and interests, internal politics (within the host country), rivalries (among donors), etc.

Some specific steps:

1. Donors could devote more time (and funding) during the project planning and design process to communicate with other donors to identify possible areas of overlap, duplication, and conflict, as well as opportunities for mutual reinforcement of each others' activities. In project design, invite meaningful participation by recipient-country stakeholders. Design projects to start modestly and grow over time as lessons are learned and incorporated.

Greater participation by a growing number of actors (such as NGOs and private sector donors) in the donor and host countries, especially in multisectoral program planning, requires defining their stakes and possible contributions thoroughly. Dealing with them early in the process will save time later. Far too many development projects have run aground or produced only short-lived results because project participants and beneficiaries weren't fully involved in project design. Equally important, implementation must be flexible—adapting to changing circumstances, needs, and resources.

2. Donors must reaffirm their commitment to strengthen the capacity of host-country institutions to plan for and manage sustainable development activities, particularly in response to multisectoral demands. The donor coordination process should be viewed as an instrument for stimulating capacity building, but as one that will also benefit from enhanced capacity. Donors must express this commitment first by requiring that the recipient take responsibility for its own capacity building.

Although donor interest in capacity building has waxed and waned over the past 30 years with shifts in development theory, concern for strengthening the institutions that implement development programs has remained fairly constant. It has been a constant in some geographic regions (most of Africa as well as selected countries in Latin America, Asia and the Near East), where education and skill levels are low.

Support for capacity building by donors should not attempt to cover every need, but should instead focus on a few essential functions in which donors have the most to offer. Help in raising the country's capabilities in policy planning and analysis is one example.

Notably in the post-UNCED era, a focus on sustainable development has heightened concerns about the capacity of both government and non-government entities to plan for and manage the process. First, “sustainable development” requires governments to think and work across sectors; second, it encourages the participation of many new development partners, including those with limited management and organizational skills. Most donors prefer to work within a comprehensive framework that addresses the objectives of sustainable development, engaging both donors and developing countries, coordinated and led by the developing country. Unfortunately, institutional weaknesses keep many host countries from living up to their part of this exacting bargain. Making amends will require efforts by both parties. Of donors, more attention, a longer time horizon, and additional resources are required.

3. Donors might consider more “divisions of labor” in development assistance. Many donors have developed certain specialties or strengths of knowledge that make it reasonable for them to take the lead in development assistance in that area.

Some donors have strengths in forestry, others in marine affairs, others in transportation or telecommunications infrastructure. In addition, many donors have long histories of working in particular geographic areas, where contacts are well established and familiarity with local needs and circumstances runs deep. When a donor enters a country, it might look for opportunities to fill gaps rather than try to do everything in every place. If each does what it does best, donors can streamline the delivery of aid, avoid stepping on each others’ toes, and keep too many cooks from spoiling the soup. This step requires greater communication in the design process to find out where others are already active and what they are doing. It may also require donors to abandon the notion that they need to single-handedly provide all the services to a given country to maintain a high profile or please the widest possible domestic constituency.

Specialization can also help in identifying a coordination “focal point” in a given recipient country for a particular sector or type of project: a person designated by the recipient country or donor community to be the primary communication liaison among donors and between donors and the recipient government. This person should possess expertise and standing in the donor community and even more important, proven

leadership potential. All are more important than a title or even association with a large donor.

4. Donors must reconceptualize their organizational incentive structure to increase coordination.

Development projects should be designed to reap the benefits of coordination. One way is to grant more decision-making responsibilities to staff based in a recipient country or region—those most likely to see the immediate and long-term benefits of coordination, and those best positioned to seize coordination opportunities in the field.

As long as its broader goal of making project execution more effective is explicit, “coordination with other donors” could become a specific work objective in the work plans of all relevant donor staff, particularly those officers who routinely interact with other donors. Interviews with representatives from a number of donor countries revealed that only a small fraction of respondents received formal performance ratings on tasks resembling “effectiveness at coordination.” Without concrete incentives—promotions, performance bonuses or awards, or favorable consideration in future assignments—it is hardly surprising that donor personnel will not place much priority on enhancing coordination/cooperation.

Similarly, few donor agencies offer institutional rewards that encourage a coordinated approach to project design. If such projects were assured a better chance of receiving funding than single-donor activities, donor coordination might improve.

Recently some donor agencies have adopted “management by results”: with home audiences, each donor in a multi-donor program accepts credit or the results of an entire program, but doesn’t bear the full burden if it is unsuccessful. If that management approach is more broadly adopted, donor coordination should have increased appeal.

5. Donors as a group must examine the way they gather, process, and use recipient country information so that they can minimize the burden on host governments.

The most frequent operational complaint heard from recipient governments is that there is no uniformity in

the way various donors gather and utilize information. Both donor representatives and recipient-country officials have problems with how information is gathered in project appraisal. Inordinate time demands on key government officials or within donor-supported institutions are a familiar concern. It is especially acute for nations where managerial competence is thin, but it extends to countries in all stages of development.

While each donor may have legitimate legal, procedural, or policy related reasons for how and when it needs project information there must be a better way. For instance, a donor/host government group within each country could be charged with crafting a plan for harmonizing documentation. Each donor would examine critically its own information requirements within the context of the cumulative demand by all donors by looking at accounting and auditing procedures, progress and evaluation report formats, timing of project-appraisal missions and final reports and would modify them where possible. Obviously, such efforts will be facilitated if donors are open with information about their practices, schedules, and formats.

Admittedly, procedural and legal restrictions may limit possible responses by donors. With some exceptions (most World Bank reporting, for example), donors remain skeptical of information gathered by others. Still, even incremental change would significantly benefit recipient institutions so much that serious efforts to reconcile the conflicting demands of reporting donors are justified.

Undoubtedly, the march of communications technology will accelerate if not simplify information gathering, and such avenues as electronic communication should be put to best advantage toward this end.

6. Donors should try to harmonize their requirements or conditions for aid.

Attempts have been made (for example, with respect to Environmental Impact Assessment) to harmonize the requirements donors impose on recipient countries as conditions for aid disbursement. Leaving aside discussion of the appropriateness of conditionality per se, donors could minimize the burden on recipients desiring to comply with donor requirements. Progress has been sketchy, due to some procedural and political constraints discussed earlier, but further efforts to look

for ways to harmonize demands on recipients would pay off, especially if done on a country-by-country basis.

For instance, donors in Country A might agree to accept that country's national sustainable development strategy in fulfillment of its obligations to the international conventions on biodiversity, climate change, desertification, etc., whereas they might in Country B agree to accept a plan designed along the National Environmental Action Plan model. The point is to avoid overtaxing the country's resources in cases where a single encompassing plan or report would do.

7. Finally, and most important, recipient country governments must take charge:

- a. Establish a vision for the country's development that incorporates the views of civil society, and then develop a coherent, multisectoral strategy for working toward this vision.
- b. Demonstrate a firm commitment to building capacity for policy planning, analysis, and implementation. Take the lead and the primary responsibility for building this capacity.
- c. Demonstrate a firm commitment to opening development planning and implementation to the participation of civil society.
- d. Reject donor initiatives that do not support components of the strategy.
- e. Take the initiative in coordinating donors' activities. Do not encourage overlap or duplication to maximize donor funding, but distribute the contributions of donors across the range of needs addressed in the development strategy.
- f. Characterize the country's priorities in terms of various international legal or donor-imposed obligations. Choose a comprehensive, streamlined, and cost-effective method for meeting those obligations, and present the results to the donor community. Where scrambling to please all donors separately would duplicate effort or overtax limited resources and personnel, offer a single response for donors to take or leave.

Notes

1. In this report, “donor” refers to both public sector bilateral donors such as the government of Italy or Japan, and multilateral organizations such as the World Bank, the regional development banks, or the specialized agencies of the United Nations. Numerous private sector donors, such as foundations, as well as a host of other non-governmental actors in development assistance, should not be underestimated, but this report focusses on public sector donors.

Acronyms and Abbreviations

AMACS	Aid Management and Coordination System
CIDIE	Committee on International Development Institutions on the Environment
CILSS	Comité permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel
CMDT	Compagnie Maliense pour le Développement des Fibres et Textiles
CSD	Commission on Sustainable Development
DAC/OECD	Development Assistance Committee of the Organization for Economic Co-operation and Development
EC	European Commission
ERD	Ministry of Finance's External Relations Division
FA-Group	Forestry Advisors Group
FONAMA	National Fund for the Environment
IDRC	Canadian International Development Research Center
IIED	International Institute for Environment and Development
INGP	International Network of Green Planners
INTERAISE	Environmental and Natural Resource Assessment Information Service
IUCN	World Conservation Union
JICA	International Cooperation Agency of Japan
MARENA	Ministry of Natural Resources
MCE	Ministry of External Cooperation
MDS	Multi-Donor Secretariat
MDSMA	The Sustainable Development and Environment Ministry's
NCS	National Conservation Strategy
NEAP	National Environment Action Plan
NESDA	Network for the Environment and Sustainable Development in Africa
OECE	Overseas Economic Cooperation Fund of Japan
PRMC	Programme de Restructuration du Marché Cerealier
SAREC	Swedish Agency for Research Cooperation with Developing Countries
SIDA	Swedish International Development Cooperation Agency
SISPLAN	National Planning System
SNIP	National Investment System
SNP	National Planning Secretariat
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNSO	UN Sahelian Office
USAID	United States Agency for International Development
WRI	World Resources Institute

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