

The logo of the Asian Development Bank (ADB), consisting of the letters 'ADB' in white serif font on a dark blue square background.

ADB

PARTNERING & HARMONIZATION

REVIEW OF ADB HARMONIZATION STRATEGIES AND ACTIVITIES IN SELECTED PROGRAMMING OPERATIONS

A Case Study from the 2007 Special Evaluation Study on the Asian Development Bank's Approaches to Partnering and Harmonization: In the Context of the Paris Declaration on Aid Effectiveness

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Abbreviations

ADB	Asian Development Bank
BAPPENAS	National Development Planning Agency (Indonesia)
DFID	Department for International Development
NPRS	national poverty reduction strategy
PFMRP	Public Financial Management Reform Program (Cambodia)
RSIP	Railway Sector Investment Program (Bangladesh)
SMWE	State Ministry of Women Empowerment (Indonesia)
TA	technical assistance

NOTE

In this report, "\$" refers to US dollars.

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JOINT ANALYTICAL WORK

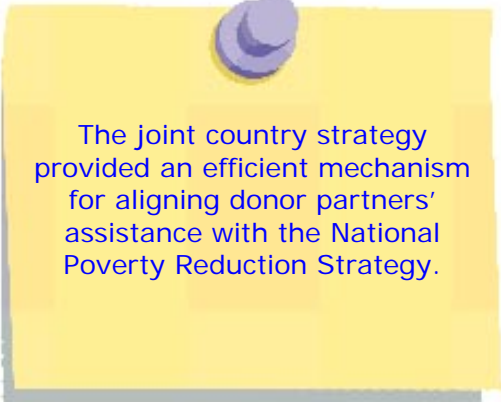
JOINT COUNTRY STRATEGY INITIATIVE: BANGLADESH

Overview. The joint country strategy initiative originated in 2004 when the four largest donors in Bangladesh—Asian Development Bank (ADB), Department for International Development (DFID), Japan, and the World Bank—agreed to synchronize the timing of their individual country assistance strategies. The objectives were to (i) share analytical work; (ii) achieve consensus on priority development outcomes, strategy approaches, and analysis of development issues; (iii) prepare a joint development strategy and outcomes matrix; and (iv) identify areas of comparative advantage for leading policy dialogue with the Government and sector programming. ADB decided to delay the country strategy process until the joint country strategy and subsequent national poverty reduction strategy (NPRS) processes had been completed.

The joint country strategy process included the following activities: (i) initial sharing of available analytical work among the four donors and delegation to individual advisers, which would take the lead in position papers in priority areas; (ii) organization of a number of retreats to clarify policy position and achieve a common voice and position on key issues; (iii) organization of a number of strategic seminars with the Government, civil society, the private sector, and other organizations; and (iv) dissemination of analytical findings and strategic positions to the Government, other donors, and partners through the media. Currently, the joint country strategy initiative remains informal and ad hoc but relationships are maintained through regular monthly meetings between heads of missions and between key advisers in various sectors. The four-donor group also meets to establish a common position ahead of key meetings with the Government at the central agency and sector levels.

Enabling Country Development Vision and Strategy.

An aid agency-led initiative, the joint country strategy has contributed to the revised NPRS vision and medium-term strategy, with the outcomes matrix helping to inform development strategy phasing and sequencing and targets. The joint country strategy has also provided significant capacity and resources to begin to strengthen country capacity for development strategy formulation through the extensive consultative process. Another positive feature is that the consensus reached has helped reduce the potential fragmentation of strategic advice to the Government and raised the trust and confidence within the Government, by demonstrating that this group of key donors can work together effectively in support of the Government's NPRS. A potential limitation, however, is that other donors are less involved. This could be a potential risk when individual donors have particular expertise in some areas.¹ From the ADB standpoint, the joint country strategy process has increased its influence on the development vision and strategy process.



The joint country strategy provided an efficient mechanism for aligning donor partners' assistance with the National Poverty Reduction Strategy.

Supporting Country Ownership and Alignment.

Although this started as a donor initiative, there has been significant government ownership of the process through extensive consultation. The extensive stakeholder consultation has also broadened understanding and ownership of key development issues and potential strategies. Partner country ownership is crucial as there is a risk that donor leadership of this consultative process may substitute the Government's own institutional

¹ Thornton, Nigel. 2006. *2006 Asian Regional Forum on Aid Effectives: The Bangladesh Joint Country Strategy*. Manila.

arrangements for stakeholder consultation (e.g., the national poverty reduction agency and council).

The extent to which the joint country strategy consultation and strategic seminars have contributed to the country's capacity to formulate strategy is difficult to assess. There may have been some benefit in institutionalizing the process through the national poverty reduction council, using the analytical work and discussions as a means of strengthening strategic analytical skills within government agencies. On the other hand, ADB would view the process as a beneficial opportunity to strengthen its own internal capacity by sharing analytical work and learning more about three other major donor organizations in Bangladesh.

Supporting Country-Led Partnership. The joint country strategy has provided an efficient mechanism for aligning key partners' assistance strategies with that of ADB and with the NPRS. It has also proved to be an efficient way of forging analytical partnership and reducing the risk for ADB of duplicating ongoing analytical work by other key donors. Moreover, the process has enabled each donor, including ADB, to assess its comparative advantage both in analytical work and future policy dialogue and programming with the Government. It is unlikely that this could have been achieved through a series of bilateral discussions and negotiation with individual donors.

Another positive feature is that the joint country strategy has helped identify and promote priorities for system harmonization at the operational level, especially common approaches to procurement systems, and accounting and reporting procedures. Nevertheless, because the joint country strategy was an informal arrangement, without a clear mandate from individual headquarters, the authority to implement harmonized systems proposals has been unclear, and some delays have resulted. For ADB, the lack of institutional arrangements creates the risk that the joint country strategy is overly reliant on the commitment of individuals, which may vary over time.

The lack of negotiated government leadership of the joint country strategy initiative may create a perception that the joint country strategy group could "gang up" on the Government and the excluded aid agencies. Another potential risk is that the lack of institutional arrangements for the joint country strategy (despite quite formal terms of reference and code of conduct) may undermine long-term sustainability. So far, such potential risks have been mitigated by a strong sense of value within the Government for the initiative, and positive working relationships with key government and donor officials. Another mitigating factor is that the Government strongly welcomes a previously negotiated common voice from its key donors at high-level meetings. From an ADB viewpoint, its authority to lead local consultative groups in selected sectors is thereby strengthened.

Supporting Country Results Monitoring Processes. The joint country strategy has contributed significantly to the quality of development information and analysis through the pooling of the four key donors. It has also contributed to better coordination at the country level of development impact monitoring and evaluation among these donors. The joint country strategy monitoring framework has helped identify key gaps in development information systems and analysis, and the consultation and dissemination processes have enhanced stakeholder access to development information and current results. The challenge will be to formulate an action plan to embed these donor-led results monitoring processes within country systems. For ADB, the harmonization of its own country strategy results framework with the joint country strategy and NPRS results frameworks is a useful first step.

The following is a summary of the lessons identified:

- (i) It appears that the joint country strategy process has reduced ADB's own transaction costs in formulating the country strategy and its negotiation and agreement with the Government and other key development partners. The traditionally bilateral country strategy process would have been less cost-effective, requiring additional analytical work and consultation processes.

- (ii) The joint country strategy has also been an efficient way of strengthening ADB's analytical knowledge and capacity through carefully planned knowledge sharing and management arrangement.
- (iii) Initiating a donor strategy harmonization process through a small number of key donor allies can be an effective first step in aligning assistance strategy with government development priorities. Restricting the joint country strategy to an analytical and strategic partnership has helped retain the authority of ADB headquarters in the country strategy programming phase and avoided potential role uncertainties.
- (iv) The joint country strategy process carries the potential risk of undermining and marginalizing ADB's partnership with other key bilateral donors, many of which have traditionally provided cofinancing to ADB support programs. In order to mitigate these risks, a key lesson identified is the need to maintain information flows to other donors and keep them informed of likely programming timetables.

COUNTRY GENDER ASSESSMENT: INDONESIA

Overview. The Indonesia country gender assessment is one of 10 country studies, financed through an ADB-managed trust fund cofinanced by Canada, Denmark, and Norway. The main purpose was to feed gender analytical work into the Indonesia country strategy process. In Indonesia, a number of donors and nongovernment organizations contributed agreed analytical work to the final country gender assessment, edited by ADB consultant and headquarters staff in consultation with the State Ministry of Women Empowerment (SMWE). The country gender assessment set out gender-disaggregated data on development policy benefits and impact and proposed strategies for improving gender equity, including sector and organizational reform priorities.²

Enabling Country Development Vision and Strategy. Indonesia's Medium-Term Development Plan does not articulate a clear gender vision, strategy, or disaggregated gender development targets, thus contributing to limited alignment between country gender assessment analytical work and gender development policy. There is also limited focus in the country gender assessment on analysis of necessary capacity and resources to implement gender development strategies and targets, especially gender mainstreaming strategies in sector agencies. This is due in part to a lack of clarity in gender-related legislation and regulations on the role and responsibilities of SMWE in strengthening sector agency and local government capacity to implement gender equity policies within development programs. A second constraint, reported during the special evaluation study, is a lack of clarity of the respective roles of SMWE and BAPPENAS (National Development Planning Agency) in screening for gender equity during program preparation and quality-at-entry processes.

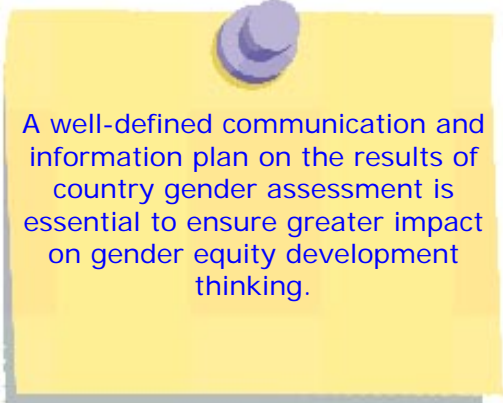
Supporting Country Ownership. The presidential decree on gender mainstreaming, which clearly defined the role of SMWE in implementing gender mainstreaming, presents an opportunity for country ownership. But without a clear mechanism for SMWE leadership of the planning of analytical work and stakeholder feedback, this opportunity has not been optimized.

Extensive consultation with national women's groups and local stakeholders brought some ownership benefits. However, in the absence of a clear strategy for involving SMWE and sector-level gender planning staff in the analytical work, the opportunity for gender analytical capacity building was missed. Nevertheless, the country gender assessment is gradually having significant impact on gender equity policy and strategy development thinking. During the evaluation mission, BAPPENAS officials declared the Indonesia country gender assessment analysis to be of high quality and indicated their intention to use the analysis and findings in their forward thinking and planning processes.

² ADB. 2003. *Proposed Technical Assistance for Promoting Gender Equality and Women's Empowerment*. Manila (TA 6143-REG, for \$1,500,000, approved 28 November 2003).

Supporting Country-Led Partnership. BAPPENAS and SMWE are mandated to lead the coordination of development analytical work. During the country gender assessment process, this opportunity to secure country-led analytical partnership was not optimized by donor partners. The assessment was more successful in aligning donor partners' gender assistance strategies, through the country strategy and other means. The limited involvement of SMWE also minimized the opportunity to use the country gender assessment process as part of a coherent and coordinated support program for the development gender assessment skills. Partnership organization was uneven because of the lack of clarity in specific partners' roles and responsibilities, exacerbated by the turnover of staff of donor agencies, including ADB.

Supporting Country Results Monitoring Processes. The country gender assessment analytical work did not give priority to assessing the quality and availability of gender-disaggregated development information and gender-disaggregated development results. The country gender assessment included stakeholder assessment up to preliminary analysis, but not strategies to provide incentives for agencies or stakeholders to access gender development information or set up gender-disaggregated information systems, especially at sectoral and local government levels.



A well-defined communication and information plan on the results of country gender assessment is essential to ensure greater impact on gender equity development thinking.

The following is a summary of the lessons identified:

- (i) Multi-donor involvement in country gender assessment has contributed to better harmonization of donors' gender policy and strategy for Indonesia, but whether gender assistance strategies will be harmonized in the future remains uncertain.
- (ii) A well-defined post-country gender assessment communication and information plan would have ensured greater impact on gender equity development thinking.
- (iii) Earlier involvement of BAPPENAS in defining the priority outcomes of the country gender assessment and their use in development planning, and in communicating assessment findings in an effective way, would have been beneficial.
- (iv) Uncertainty over the primary users of the country gender assessment—government or aid agencies/nongovernment organizations—undermined opportunities to secure government ownership of the country gender assessment and to have strong strategic influence on national gender development policy. As a result, alignment between the Medium-Term Development Plan and country gender strategies was not optimized.

SELECTED HARMONIZED ARRANGEMENTS

RAILWAY SECTOR INVESTMENT PROGRAM: BANGLADESH

Overview. The rationale and design of the Railway Sector Investment Program (RSIP) is derived from previous evaluations made by ADB and other donors of support for the Bangladesh transport sector, including railways. A key lesson from these evaluations is that high-level political leadership is critical in sustaining reforms and managing a complex range of vested interests and groups. Narrow transport projects have had short-term success, but political and institutional interests in the railway sector have tended to undermine efforts to commercialize railway operations. The previous absence of a holistic approach to the transport sector has contributed to competition

between the road, railway, air, and waterway subsectors for general subsidies from the Government.³

A key objective of the RSIP is to ensure alignment within a more holistic and integrated transport policy, targets, and medium-term budgetary framework. The purpose is to ensure that the Bangladesh Railway becomes a sustainable and commercially focused service provider through a parallel program of institutional and organization reform and targeted railway infrastructure investment. ADB, as a long-time partner in the sector since 1970s, has played a lead role in policy dialogue with the Government and other donors in formulating the institutional and organizational reform component. However, the results have not been satisfactory.

Donor partners of RSIP, besides ADB, are the World Bank, Japan Bank for International Cooperation (JBIC), and DFID. The total commitment for the 5-year program amounts to \$830 million comprising (i) \$400 million for investment and \$30 million for reform, from ADB; (ii) \$100 million for investment, from JBIC; and (iii) \$100 million for reform and \$200 million in the investment pipeline in 2009, from the World Bank. In addition, DFID will assist the Government in formulating a holistic multimodal transport policy and railway master plan. ADB financing is through a new multi-tranche financing facility, consisting of four annual tranches for the investment component against the achievement of the agreed reform actions. RSIP was approved in late 2006 and, hence, is still in a very early stage of implementation.

Enabling Country Development Vision and Strategy. Through the NPRS process, ADB has played a lead role in promoting transport reform as a pro-poor growth development priority. Through its long experience in the sector, ADB has also facilitated the development of a coherent vision and strategy for the transport sector and railway subsector, encapsulated in the national land transport policy 2004 and the railway investment plan 2007–2013.

Recognizing that discrete road, rail, and other transport infrastructure projects were not optimizing development impact, ADB, in partnership with other donors, has promoted and supported the formulation of a more integrated (multimodal) transport sector policy. The proposed RSIP support is fully harmonized with the phasing and sequencing of railway subsector policy implementation and targets. The integrated transport policy also facilitates dialogue between the Government and its development partners on the future screening and selection of other transport infrastructure interventions, as reflected in ADB's country strategy.

Supporting Country Ownership. Through extensive dialogue, and building on its long history of working with the Government in the railway subsector, ADB helped ensure government leadership and ownership of the RSIP, at a time when other donors were less supportive. A key RSIP design feature is leadership of stakeholder consultation processes by the communications and finance ministries and the railways authority, facilitated by the donor group.


Consultations with other stakeholders, especially Bangladesh railway staff, trade unions, and passengers have helped secure shared understanding of the proposed RSIP costs and benefits. Extensive dialogue and pre-implementation planning with key Bangladesh railway staff has helped strengthen national capacity to plan and implement the RSIP reforms, with support from the ADB resident mission. The RSIP action plan incorporates well-defined institutional and organizational capacity development targets, with phased budgetary incentives and advisory technical assistance.

From experience, such railway reforms are fragile because of conflicting interests, especially between public and private sector organizations. The coalition of donors in RSIP, led by ADB, is designed to help mitigate these risks, with the incentives of reform-based budgetary support from the World Bank and the tranching investments from ADB under the multi-tranche financing facility. The planned strategy for communicating about RSIP progress and potential bottlenecks to the public is designed to reinforce a focus on the long-term benefits of railway reform and ensure public

³ ADB. 2002. *Program Performance Audit Report: Railway Recovery Program in Bangladesh*. Manila.

accountability of decision makers. With these key large donors in partnership and the size of the investments, government commitment is more likely to be sustained than if ADB were acting alone.

Supporting Country-Led Partnership. The RSIP partnership appears to have been donor-initiated, but as design/appraisal has proceeded, the communications ministry and railways authority have gradually assumed leadership in coordinating the program. The alignment of partners' assistance strategy with government policies is strong, reinforced by a formal memorandum of understanding between the three donor investors, including ADB, although the Government as a non-signatory may be an opportunity missed.



The challenge is to ensure that harmonized processes among donor partners are led and coordinated by the country partner.

Analytical and financial partnerships between the Government and the four donors have been strong, with ADB's previous analytical work and policy dialogue constituting a critical component of this partnership. The ongoing joint country strategy initiative has helped identify comparative advantage in this partnership (i.e., ADB for investment and technical assistance (TA), the World Bank for reform budgetary support/investment, Japan for investment, and DFID for policy and strategy analytical work).

A number of common arrangements are designed to minimize transaction costs for the Government and donors through joint reporting, review missions, a common results framework, and adoption of the country's procurement systems for local funding. The challenge will be to ensure that these harmonized processes among the donors, as set out in the memorandum of understanding, are led and coordinated by the Government. The adoption of separate project implementation arrangements by the three donor investors constitutes a potential risk of operational fragmentation and increased transaction costs for government managers.

Supporting Country Results Monitoring Processes. The quality of transport development information has been enhanced through the RSIP analytical partnership and strongly adopted by the Government for its own analysis. The RSIP design process ensured stakeholder access to much of this information, and this access will be sustained through the planned stakeholder communication strategy.

Results and performance monitoring processes have been harmonized through a common RSIP results monitoring framework and policy action matrix, providing incentives for effective results monitoring through the ADB and World Bank conditionality-based tranching mechanism. A challenge will be to put in place monitoring systems that link railway sector development outcomes with broader poverty-related outcome/impact indicators (e.g., has more efficient delivery of goods and services through the railway system generated employment/income and created other social benefits?)

The following is a summary of the lessons identified:

- (i) The pooling and public dissemination of analytical work by a group of key donors has raised the confidence of the Government to reformulate more holistic transport strategy and embrace politically difficult railway reforms. The harmonization of donor funding, although not through a formal pooling mechanism, has provided a large incentive for the Government to tackle these reforms and take on vested interests. In terms of both volume of analytical work and funding, this would have been difficult for ADB to achieve alone.
- (ii) Ensuring government ownership and leadership of difficult reforms in a politically sensitive sector requires patience and a well-planned approach to policy and strategic dialogue. For ADB to achieve financial partnerships with other influential donors there must be a high degree of security that the Government genuinely owns the agreed

strategy. Otherwise, both the Government and these other large and influential donors prefer bilateral aid relationships.

- (iii) The current ADB report format does not easily lend itself to fully reflecting the efforts of ADB in promoting and participating in partnership, harmonization, and alignment efforts at the design stage.

PUBLIC FINANCIAL MANAGEMENT REFORM PROGRAM: CAMBODIA

Overview. The Public Financial Management Reform Program (PFMRP) is a development that builds on extensive ADB-supported technical assistance under the previous technical cooperation assistance program in the finance ministry, largely coordinated by ADB over 1999–2004. The PFMRP design draws directly on a needs assessment, jointly coordinated by the Government, ADB, and the World Bank as part of an integrated fiduciary assessment and public expenditure review in 2003. The PFMRP also draws directly on sector-level financial management capacity analysis, in the education, health, rural development, and small and medium enterprise sectors, led by ADB.⁴

The PFMRP consists of a 10-year reform program based on a sequenced platform approach, phased as follows: (i) a timely and credible budget process; (ii) effective financial accountability; (iii) an affordable policy agenda through policy/budget linkage; and (iv) effective program performance accountability.

This PFMRP TA program is funded by a number of donors through a World Bank–managed trust fund, alongside parallel TA funding from ADB, Japan, and United Nations Development Programme. ADB supports debt management system development. The program started in February 2005, and has so far resulted in two government and two independent progress review reports. Overall, the majority of the PFMRP targets in platform (i) have been achieved, but the finance ministry organization reform, cash management systems, government budget account consolidation, and revenue forecasting still need further work.

Enabling Country Development Vision and Strategy. Integrated Fiduciary Assessment and Public Expenditure Review 2003, supported by ADB and the World Bank, enabled the formulation of the NPRS vision and strategy and helped articulate a vision of a robust results-based public financial management. The public expenditure tracking studies (PETS) 2005 helped reinforce country public financial management strategy, which were reflected in the PFMRP design and sequenced 10-year action plan supported by ADB, World Bank, and other aid agencies. This visioning process avoided the risk of a short-term project quick fix. The PFMRP strategy includes joint government and donor resources for capacity building through performance-based local staff incentives and strategic TA. Much of the capacity building in the finance and sector ministries is “*learning by doing*.”

Supporting Country Ownership. There is a high level of country initiative with active involvement of senior officials and a fully staffed PFMRP secretariat. Comprehensive system-wide ministry-led task forces have stimulated endogenous change and some redistribution of staff and resources. Nevertheless, it is recognized that further reorganization is needed to ensure full alignment of PFMRP strategies with organization responsibilities and staff skills mix. The Government views ADB’s focus on debt management as critical in ensuring a realistic budget.

Supporting Country-Led Partnership. A PFMRP steering committee and secretariat ensure country leadership of PFMRP coordination. PFMRP is financed by a multi-donor trust fund with parallel TA fully aligned with PFMRP targets and activities. The phasing and sequencing of the technical assistance is jointly approved by the steering committee. Partnership is organized through donor

⁴ Ministry of Economy and Finance, Royal Government of Cambodia. 2006. *PFMRP Annual Progress Report 2006*. Phnom Penh.

representation on the PFMRP steering committee and through a joint public financial management thematic group. The coherence and coordination of capacity support is assured through the PFMRP action matrix and targets. Local staff of ADB's Cambodia Resident Mission play an active role in these partnership organizations. However, in the evaluation team interviews ADB mission leaders from headquarters reported some difficulties in attending key country meetings; their absence from those meetings constitutes a potential risk for ADB's sustained influence.

Supporting Country Results Monitoring Processes. The PFMRP framework includes the introduction of results-based program budgeting in 2007. Sector-level capacity-building action plans, including organizational reform, staff skills mix, and incentives for change, are underdeveloped, and this deficiency poses a potential implementation risk. ADB, in partnership with the European Commission and United Nations Children's Fund/Swedish International Development Cooperation Agency, is using a policy action matrix related to joint budget support to provide incentives for this reform within the education sector.

The following is a summary of the lessons identified:

- (i) ADB's joint leadership of the Integrated Fiduciary Assessment and Public Expenditure Review analytical work and the PFMRP priorities identified were critical in securing the Government's commitment to the PFMRP design and its leadership of the implementation process.
- (ii) ADB's support for sector-level financial management capacity analysis and lessons identified from ADB's earlier support in some sectors (e.g., education and health) has also enabled the selection of these key sector agencies for the PFMRP pilot-testing of sector program budgeting reform.
- (iii) Despite its inability to join the multi-donor trust fund led by the World Bank, ADB is still playing an influential role in aligning external assistance with PFMRP priorities. The Government is accommodating parallel TA financing from ADB where ADB is seen to have a comparative advantage. The parallel ADB public financial management support in selected sector agencies also ensures strong ADB influence over the broader PFMRP.

DECENTRALIZATION SUPPORT FACILITY: INDONESIA


Overview. The objective of the Decentralization Support Facility is to harmonize donor support for implementing the Government's decentralization policy objectives and programs. Established in 2005, the decentralization support facility has an organizational arrangement that includes a joint government-donor management committee, where ADB, the World Bank, DFID, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), United Nations Development Programme, and others are represented. ADB's contribution consists of allocation of ADB resident mission professional staff time. Operational funding is provided only by DFID and managed through a World Bank trust fund.

Enabling Country Development Vision and Strategy. The Government's decentralization policy is clearly articulated, but institutional and organizational coordination arrangements, especially between BAPPENAS and the finance and home affairs ministries, are unclear. These three ministries have variable responsibilities focused, respectively, on development policy, decentralized fiscal management, and political dimensions. Equally, there is limited coherence of decentralization vision/strategy on the donor side. As a result, alignment of decentralization support facility capacity and resources with the Government's decentralization policy and program has been problematic. This situation is exacerbated by the abolition of the Consultative Group on Indonesia and its decentralization work group, which provided a potential vehicle for resolving these constraints. ADB, through its high-level access and extensive TA program, has a comparative advantage in promoting more coherent visioning and strategic thinking.

Supporting Country Ownership. Extensive decentralization legislation and decrees setting out the roles and responsibilities of BAPPENAS, the finance and home affairs ministries, and local governments and parliaments constitute an opportunity for supporting country ownership. The location of the decentralization support facility outside these organizational structures and its physical location outside the government offices have undermined this ownership opportunity. There is strong ownership among donor partners with high-level representation on the management committee, including ADB, but only technical-level representation from the Government. The growing involvement of civil society in the activities of the focal and thematic groups will help to secure broader stakeholder ownership. The limited participation of government technical staff in the focal groups constitutes a missed opportunity for skill development in decentralization strategy and program planning.

Supporting Country-Led Partnership. The leadership of decentralization support facility prioritization and activity coordination appears to be donor-driven. An opportunity was missed by donors to build on and extend analytical work on local government financing initiated by the finance ministry and the Government's strategic priorities. As a result, the Ministry of Finance has expressed a sense of frustration at the missed opportunity to ensure that decentralization support facility support was fully aligned with the Government's priorities.⁵ Nevertheless, the facility is making significant progress in harmonizing donor partners' decentralization assistance strategies. Alignment with government strategies is planned through extensive joint analytical work and longer-term measures for the Government to lead the decentralization support facility coordination process. A recognized challenge is to begin to harmonize donor partners' decentralization assistance strategy at the sector and individual local government levels. Sector-level analytical work, including the response of sector agencies to broader decentralization policies, could constitute an early point for country-led sector partnership. ADB, with an extensive sector portfolio, could have a comparative advantage.

Supporting Country Results Monitoring Processes. There is strong commitment to assembling results-based decentralization monitoring information systems, including databases and analytical instruments for donor assistance in decentralization. It is anticipated that the decentralization support facility performance reporting will be aligned with national reporting systems against national development targets. A key challenge will be to promote the establishment and operation of local government service delivery performance information. This will require effective networking with sector agencies.



ADB's selective engagement and leadership of thematic groups is consistent with its comparative advantage in fiscal decentralization and pro-poor service delivery.

The following is a summary of the lessons identified:

- (i) ADB's selective engagement and leadership of thematic groups is consistent with its comparative advantage in fiscal decentralization and pro-poor service delivery. Its approach to the decentralization support facility is appropriate and cost-efficient, and is based on its recognized strategic influence and access to macro and sector-level decentralization policy information.
- (ii) ADB, through its strong engagement in previous Consultative Group on Indonesia decentralization working group, could have been more proactive in promoting government ownership and leadership at the decentralization support facility design stage and start-up.
- (iii) ADB, through its long-standing relationship with the Ministry of Finance, could have promoted more effectively the use of analytical work on local government financing by the Government, as part of national ownership building and alignment with the Government's strategic priorities. ■

⁵ Evaluation team interview with the Ministry of Finance, March 2007.