2008:2 **Joint Evaluation**

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Francisco Sagasti

Evaluation of the Implementation of the Paris Declaration

Phase One Synthesis Report

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This publication was originally published by International Reference Group comprising members of the DAC Network on Development Evaluation and can be ordered from:
http://www.oecd.org/dataoecd/19/9/40888983.pdf or http://www.evaluation.dk
This digital edition is a special version only published in Sida's publication data base and can be downloaded from: www.sida.se /publications.

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Commissioned by International Reference Group comprising members of the DAC Network on Development Evaluation. The Reference Group comprises: Asian Development Bank, Australia, Austria,Bangladesh, Belgium, Bolivia, Cambodia, Cameroun , Canada, Denmark, EURODAD, Finland, France, Germany, Ireland, Japan, Luxembourg, Mali, the Netherlands, New Zealand, Norway, OECD/DAC, the Philippines, Reality of Aid, Senegal, South Africa, Spain, Sri Lanka, Sweden, Uganda, United Kingdom, UNDP/UNDG, USA, Vietnam, The World Bank and Zambia.

Date of Final Report: July 2008

Art. no. SIDA61325en

ISBN 978-87-7667-916-3

EVALUATION OF THE IMPLEMENTATION OF THE PARIS DECLARATION

PHASE ONE

SYNTHESIS REPORT

ISBN English: 978-87-7667-916-3
e-ISBN: 978-87-7667-917-0
ISBN French: 978-87-7667-918-7
e-ISBN: 978-87-7667-919-4
ISBN Spanish: 978-87-7667-920-0
e-ISBN: 978-87-7667-921-7

Suggested citation: Wood, B; Kabell, D; Sagasti, F; Muwanga, N.
Synthesis Report on the First Phase of the Evaluation of the Implementation of the Paris Declaration, Copenhagen, July 2008.

This report represents the views of the authors only. They are not necessarily the views of the participating countries and agencies.

Graphic Production: Turbineforlaget, Filmbyen 21, 8000 Aarhus C, Denmark
Graphic Design: ph7 kommunikation, www.ph7.dk
Translation: Oversætterhuset A/S, www.translationhouse.com
Print: Scanprint a/s, Jens Juuls Vej 2, 8260 Viby, Denmark

The report can be downloaded directly from www.accrahlf.net and ordered free of charge online at www.evaluation.dk or from:

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Denmark
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PHASE ONE

SYNTHESIS REPORT

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July 2008

Kabell Konsulting ApS
Managing for results

Preface

The Paris Declaration poses an important challenge both to the world of development cooperation in general and to the field of development evaluation. Compared with previous joint statements on aid harmonisation and alignment, it provides a practical, action-oriented roadmap with specific targets to be met by 2010. The number of countries and international organisations participating in the High Level Forum and putting their signature to the joint commitments contained in the Declaration was unprecedented and reflected a progressive widening of the range of voices in the aid effectiveness debate.

Alongside its strong focus on monitoring, the Paris Declaration also highlights the importance of undertaking an independent joint cross-country evaluation to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.

The overall purpose of the evaluation is to assess the relevance and effectiveness of the Paris Declaration and its contribution to aid effectiveness and ultimately to development effectiveness. In order to provide a proper basis for assessment, the evaluation is being carried out in two phases:

- *Phase One* has been conducted with the purpose of strengthening aid effectiveness by assessing changes of behaviour and identifying better practices for partners and donors in implementing the Paris commitments.

- *Phase Two* will be conducted with the purpose of assessing the Declaration's contribution to aid effectiveness and development results.

The first phase of the evaluation is now completed and we hope it will contribute constructively to the ongoing aid effectiveness policy debates and, in particular, to the 3rd High Level Forum on Aid Effectiveness which will take place in Accra in Ghana in September 2008. The second phase is planned to start in early 2009 and to be completed in time for the 4th High Level Forum in 2011.

Phase One comprised eight *Country level evaluations* designed within a common evaluation framework to ensure comparability of findings across countries while allowing flexibility for country specific interests. These evaluations looked at the actual implementation of the Paris Declaration in concrete settings and were undertaken in Bangladesh, Bolivia, the Philippines, Senegal, South Africa, Sri Lanka, Uganda and Vietnam (the Vietnamese study was an Independent Monitoring Exercise designed and executed separately). The country level evaluations were managed by the respective partner country and most were supported, both financially and substantively, by donors.

The country level evaluations were supplemented by eleven *Donor and multilateral development agency evaluations* which looked at how the Paris Declaration is represented in their policies and guidelines. These evaluations were mainly based on document reviews and supplemented by interviews with key players and were undertaken in the Asian Development Bank, Australia, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, New Zealand, the United Kingdom, and the UNDG. (The UNDG conducted a joint headquarters and country level evaluation). They were managed by the respective agencies' evaluation departments.

The country and agency evaluations were reviewed by two independent advisers: Rikke Ingrid Jensen and John Eriksson.

The present report is a synthesis of these nineteen evaluations. It was prepared by an independent team comprising Dorte Kabell (Denmark), Nansozi Muwanga (Uganda), Francisco Sagasti (Peru) and Bernard Wood, team leader (Canada).

The Synthesis Report was reviewed by Mary Chinery-Hesse, Adviser to the President of Ghana and formerly Deputy Director General of the International Labour Organisation and Bruce Murray, Adjunct Professor at the Asian Institute of Management and former Director General of Evaluation at the Asian Development Bank.

Strategic guidance to the evaluation has been provided by an international Reference Group comprising members of the DAC Network on Development Evaluation, representatives from partner countries, principally the members of the Working Party on Aid Effectiveness, and representatives for civil society[1]. The Reference Group convened three times in the course of 2007 and 2008. It has also had the opportunity to comment on successive drafts of the Synthesis Report.

The Reference Group appointed a small Management Group[2] tasked with the day-to-day coordination and management of the overall evaluation process. The Management Group also supported the donors and partner countries conducting their evaluations. The Reference Group and Management Group were co-chaired by Sri Lanka and Denmark and were supported by a small secretariat hosted by Denmark.

The Synthesis Team took guidance from the Management Group regarding such issues as interpretation of terms of reference and operational matters, including time-frames and budget constraints. As specified in its mandate, the team also gave full consideration and responses to substantive comments from both the Reference Group and the Management Group, but the responsibility for the content of this final report, is solely that of the Synthesis Team.

This evaluation was initiated on the premise that – in spite of the complexity of evaluating the outcomes of a political declaration – it would be possible to identify useful lessons and actionable recommendations for the governments, agencies and individuals concerned with development effectiveness. We believe that the evaluation has identified such lessons and recommendations. Moreover, the evaluation process itself has been an example of the Paris Declaration's basic principles of partnership and ownership and has contributed to better insights and dialogue with the countries and agencies that participated.

It is now up to the governments, agencies and civil society groups for whom this evaluation has been prepared to apply the lessons and recommendations.

Velayuthan Sivagnanasothy **Niels Dabelstein**

Co-chairs of the Reference and Management Groups

1 The Reference Group comprises: Asian Development Bank, Australia, Austria, Bangladesh, Belgium, Bolivia, Cambodia, Cameroun , Canada, Denmark, EURODAD, Finland, France, Germany, Ireland, Japan, Luxembourg, Mali, the Netherlands, New Zealand, Norway, OECD/DAC, the Philippines, Reality of Aid, Senegal, South Africa, Spain, Sri Lanka, Sweden, Uganda, United Kingdom, UNDP/UNDG, USA, Vietnam, The World Bank and Zambia.

2 The Management Group comprises: Niels Dabelstein, Evaluation Department, Danida/Secretariat for the Evaluation of the Paris Declaration, Denmark; Ted Kliest, Senior Evaluation Officer, Policy and Operations Evaluation Department, Ministry of Foreign Affairs, The Netherlands; Saraswathi Menon, Director, Evaluation Office, UNDP; Velayuthan Sivagnanasothy, Director General, Department of Foreign Aid and Budget Monitoring, Ministry of Plan Implementation, Sri Lanka; and Advocate Elaine Venter, Director, International Development Cooperation, National Treasury, South Africa.

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Acknowledgements

First and foremost, great credit is due to those responsible in the countries and agencies evaluated for volunteering to take on the work and risks involved in such an early evaluation, in the interests of improving their own performance and that of others. As noted in the report, their willingness to sponsor and support candid assessments is possibly an indicator of superior performance to the norm, and certainly of strong transparency and commitment to improve.

This synthesis report is built upon the studies being synthesised and the work of all their individual author teams, reference groups, participants, informants and peer reviewers. During the preparation of the synthesis report a number of these contributors have added further valuable insights to their written products, as have members of the Management and Reference Groups responsible for the overall evaluation.

Special acknowledgement is due to those who have continued helping refine the report and particularly to Niels Dabelstein, the primary liaison person for the synthesis team, for his untiring commitment to the project and his unfailing courtesy and constructiveness.

The team thanks David Arbirk for his patient and resourceful research and editorial assistance, and Bronwyn Drainie for final editorial suggestions to improve the clarity of the report for wider audiences.

Acronyms

The meaning of the handful of acronyms still appearing in this report is spelled out in the paragraphs where they appear. The deliberate elimination of acronyms and jargon is intended as a small contribution, and perhaps a modest inspiration, to more direct communication on issues like the Paris Declaration to the world of non-specialists, where the overwhelming majority of humanity is to be found.

Executive Summary

Purpose and background

The Paris Declaration on Aid Effectiveness, endorsed in March 2005, is now recognised as a landmark international agreement aimed at improving the quality of aid and its impact on development. It lays out a road-map of practical commitments, organised around five key principles of effective aid:

a. Ownership by countries
b. Alignment with countries' strategies, systems and procedures
c. Harmonisation of donors' actions
d. Managing for results, and
e. Mutual accountability

Each has a set of indicators of achievement. The Declaration also has built-in provisions for the regular monitoring and independent evaluation of how the commitments are being carried out.

This report synthesises the results of the first evaluation of the early implementation of the Paris Declaration, from March 2005 to late 2007. It comprises extensive assessments in eight countries, together with "lighter" studies on eleven Development Partner or "donor"[1] agencies, focussing at the headquarters level. Participation by all countries and agencies was voluntary. An international management group managed the evaluation and received guidance from a reference group drawn from 31 countries and institutions. Since it is an early evaluation, the focus is on ways of improving and enhancing implementation, rather than giving any definitive judgment about effectiveness.

This evaluation complements a parallel monitoring process. The Monitoring Surveys are intended to monitor what is happening with respect to implementation against selected indicators, while this evaluation is intended to shed light on why and how things are happening as they are. In spite of a number of limitations, which are acknowledged in the report, the evaluation results make a significant contribution to that aim.

It should be stressed that no synthesis could hope to capture the full wealth of information, perceptions and insights, and not least remarkably frank assessments, in the individual nineteen reports on which it is based. These reports have a value in themselves in advancing the Paris Declaration in the countries and agencies where they have been conducted. Their detailed findings, conclusions and recommendations merit wide national and international attention. Their executive summaries are annexed to this report, and the full texts are available in the enclosed CD-ROM.

The evaluation questions

The evaluation has focused on answering three central questions:

- What important trends or events are emerging in the early implementation of the Paris Declaration?
- What major influences are affecting the behaviour of countries and their Development Partners in relation to implementing their Paris commitments?
- Is implementation so far leading toward the Declaration's five commitments of ownership, alignment, harmonisation, managing for results and mutual accountability? If so, how and why? If not, why not?

All the evaluation teams were expected to examine three "enabling conditions" for implementing the Paris Declaration:

1 A NOTE ON TERMINOLOGY: The terms used in the terms of reference for these two groups were "countries" or "partner countries" for countries receiving aid and "Development Partners" for the countries and agencies providing it. This reflects the understanding that the old terms of "recipient" and "donor" (and "aid" for that matter) implied an undue measure of beneficence in the relationship, and carried undesirable connotations. Nonetheless, the repeated use of "partners" for both groups (several hundred times in this report) has been found to create enormous confusion, especially for its intended non-specialist readership. For the purposes of this report, "countries" or "partner countries" will refer to the countries receiving aid, and the admittedly imperfect term "donors" (which is used in the Paris Declaration) or "development agencies" will usually be used to signify those countries and multilateral agencies providing aid. Other partners, such as non-governmental organisations and private sector actors, will be specifically identified.

- The commitment and leadership being applied
- The capacities to act
- The incentives to do so.

Context is key

The Paris Declaration in 2005 was not the beginning of international concern for improving the effectiveness of aid and its contribution to development. The Paris Declaration was, however, a watershed in formalising and refocusing efforts to develop an international plan of action with unprecedented breadth of support. It was finally spurred by a long-brewing crisis of confidence in the field of aid in the 1990s, and several major global policy responses. Joint actions were needed, based on a new set of relationships between countries and their "Development Partners". A majority of the countries and agencies evaluated here were already among the acknowledged leaders in aid effectiveness reforms, so that the Declaration came as a major milestone rather than as a point of departure. Context is also dynamic: Several studies highlight substantial shifts and/or uncertainties in implementation performance that can be attributed to political changes and pressures. One other crucial, and changing, part of the context, not yet properly analysed, is the effect of non-aid resource flows and growing aid flows which may remain outside the Paris Declaration frameworks (particularly from major foundations and other private sources, non-traditional official donors, and development NGOs.)

Implementation of the five commitments: findings and conclusions

Ownership by countries

The principle of ownership has gained much greater prominence since 2005, although the evaluations show that the practical meaning and boundaries of country ownership and leadership often remain difficult to define. In both partner countries and donor administrations engagement and leadership at the political level do most to determine how they will act to strengthen country ownership in practice.

All the partner country evaluations indicate a strengthening of national development policies and strategies since 2005, providing a stronger base for ownership. Yet even the countries with the most experience face difficulties in translating these national strategies into sector strategies and operational and decentralised programmes, and in coordinating donors. So while national ownership is strong in these countries, it is also narrow. In practice, it remains heavily weighted in favour of central government players rather than provincial and local authorities, even in fields that are supposed to be devolved. The ownership situation also varies across sectors, with sectors such as education, health, energy and infrastructure remaining primarily government-led, while civil society and marginalised groups find greater space for partnership in cross-sector and humanitarian areas of cooperation and development.

Since 2005, all the donors evaluated have taken further steps to acknowledge the importance of partner country ownership and to ensure that it is respected in practice. At the same time, most donors' own political and administrative systems are found to set differing limits on their actual behaviour to support country ownership.

To remain useful in advancing the implementation of the Paris Declaration, the concept of ownership in this context needs to be approached not as an absolute condition, but as a process or a continuum. The Monitoring Survey's indicator on ownership[2] relates to only one simple dimension of this complex picture.

Alignment with country strategies, institutions and procedures

Development agency and partner country evaluations reveal that, despite clear commitments to alignment, implementation of the various components of alignment set out in the Paris Declaration has been highly uneven. Progress is more visible in aligning aid strategies with national priorities, less so in aligning aid allocations, using and building country systems, reducing parallel Project Implementation Units and coordinating support to strengthen capacity. Among bilateral donors, there is only sparse evidence of improvements in aid predictability and untying. As with ownership, the leadership exercised by the host partner country is the prime determinant of how far and how fast alignment will proceed.

The real and perceived risks and relative weaknesses of country systems are serious obstacles to further progress with alignment. Efforts by most countries to strengthen national processes and systems are not yet sufficient to support the needed progress, and not enough donors are ready to help strengthen these systems by actually using them. On the other hand, donors do appear ready to continue and increase financial and technical assistance for the further capacity strengthening required.

Harmonisation of donors' actions

The evaluations do not suggest any backsliding on harmonisation, but neither do they indicate any overall trend toward progress, with the exception that the European Union Code of Conduct of 2007 is seen as having strong potential to bring further harmonisation among its members. The responsibility for changes to implement harmonisation goals falls primarily on donors. At the same time, the evaluations make clear that, as in other areas, leadership, initiative and support from host partner countries are important, and often indispensable, factors for progress.

Debates about the particular instruments of budget support[3] – especially in a number of countries and circles where these instruments have become highly controversial – run the risk

2 Indicator 1: "At least 75% of partner countries have operational development strategies. (By 2010)"

3 Budget support is generally aid provided through the country's own financial management systems, and not earmarked for specific projects or expenditure items in the same ways as in traditional aid modalities.

of overshadowing the broader harmonisation agenda and diverting attention from a number of achievements and other harmonisation needs and commitments spelt out in the Paris Declaration.

Basic issues of confidence and trust in others' systems need to be satisfied for harmonisation to meet expectations. This is true even for those donors who do not have to overcome "harmonisation" problems within their own systems, major formal restrictions on entering into harmonised arrangements, or strong pressures for maintaining direct visibility and accountability for their own aid.

Finally, some findings strongly suggest that the role and importance of harmonisation within the Paris Declaration agenda may be changing, increasingly taking a back seat to the push for greater alignment with country systems.

Managing for development results

Many of the evaluations have documented and helped explain the relative lack of attention and progress recorded in implementing the Paris commitment toward managing for results. The evaluations are virtually unanimous that progress is slow toward meeting the Monitoring Survey's benchmark for what partner countries need to do.[4] Several studies raised the need to strengthen statistical capacities and to use them more effectively for decisions.

At the same time, the evaluations also re-focus attention on the Paris Declaration's other concerns: What donors need to do to gear their own systems and their active support to more effective country systems. Given the weak capacity in this area that is also reported, it may not be surprising that different frameworks for results on the two sides are seen as a constraint to progress.

More encouragingly, where information and platforms for participation exist[5], it is easier for donors to make progress in meeting their own Paris commitments for the better management of aid for results.

Finally, the recognition that significant actions by partner countries in areas related to managing for results may in fact be under-reported suggests that there are also problems in how the requirements to fulfil these particular commitments are being presented and/or understood.

Mutual accountability

All the evaluations convey a sense that the joint processes for tracking progress and resolving problems fall short in terms of mutual accountability. In order to capture what the evaluations actually said about the implementation of the mutual accountability commitment, it is necessary to look beyond the single indicator selected for the Monitoring Survey[6], and go back to the carefully framed and reciprocal package of mutual commitments in the Paris Declaration itself. It shows that the key questions about mutual accountability that otherwise seem unclear or potentially divisive – particularly regarding who is accountable to whom and for what – had been anticipated and opened up for mutual review by the Declaration.

The evaluations themselves show that, although they all view mutual accountability as a complex puzzle, more pieces of the solution are actually at hand than is generally assumed. The synthesis report identifies a half-dozen types of mechanism that are already being used to varying degrees, and could be better harnessed to fulfil this commitment, on which the credibility of the Paris Declaration depends. Evaluations, and especially joint evaluations, should also play a greater role.

The evaluations show that in this pivotal commitment area of mutual accountability, the obstacles limiting progress are political in nature, primarily related to the potentials for embarrassment or interference. Political leaders need to re-engage to get it on track. Among other benefits, such re-engagement should help clarify the intended role and limits of the Monitoring Survey in the ongoing assessment of implementation, and correct some of the unintended effects of the ways it has been used to date.

Overall conclusions

The Paris Declaration is a political agenda for action, not just a technical agreement. The reports have underlined the fact that the entire Paris Declaration and its commitments are political undertakings. In the difficult processes required for implementation, real issues of power and political economy come into play, in many cases requiring political solutions.

As examples of the political steps needed, most donors have yet to prepare their publics and adapt their legislation and regulations as necessary to allow for:

- Putting less emphasis on visibility for their national efforts and tying aid to their own suppliers;
- Accepting and managing risks in relying on country and other donor systems rather than insisting on applying their own;
- Agreeing to delegate greater decision-making power to in-country staff;
- Assuring more predictable aid flows; and
- Finding ways to resolve political disputes with partner countries without undermining long-term relationships.

For their part, most partner countries need:

- Stronger political engagement to assert more fully their leadership in aid alignment, coordination and harmonisation, accepting the risks and managing the effects in their relations with donors.

4 To have in place by 2010 transparent and "monitorable" performance assessment frameworks to assess progress against a) the national development strategies, and b) sector programmes.

5 As in the example of Uganda.

6 Indicator 12: "All partner countries have mutual assessment reviews in place. (By 2010)."

- To ensure that responsibility for development and aid is shared more widely between different parts and levels of government, as well as with legislatures, civil society and the private sector, and citizens at large.

It is a shared agenda, with some divergences. This evaluation reveals only a few consistent differences between the perspectives of country and donor representatives (especially those responsible for programmes and on the ground) on the key issues examined. Three key points where they diverge are:

- What is really limiting the use of country systems to manage aid?
- The relative priorities among ownership, alignment, harmonisation, managing for results and mutual accountability; and
- The degree of concern over transitional and increased transaction costs to date in changing systems to live up to Paris Declaration commitments.

Strengthening capacity and trust in country systems is a major issue. One of the most important obstacles to implementing the Declaration is the concern about weaknesses of capacities and systems in partner countries. This obstacle is repeatedly identified in almost all of the evaluations, even though the countries assessed here include some of those with the strongest capacities and most advanced systems among all partner countries. This indicates that the concern may at least in part be the result of outdated perceptions among some donors.

Expectations and uses of the Paris Declaration differ. In the words of one of the evaluations, views of the Declaration vary from it being a "statement of intent" all the way to it being a set of "non-negotiable decrees". The widespread tendency to focus almost exclusively on selected indicator targets feeds the latter view. Both country and donor partners are evidently struggling to get a firm grasp on how to actually use the Declaration as implementation proceeds in different settings.

How to deal with different contexts is an unresolved issue. A general finding across the evaluations is that a better balance needs to be struck in recognising and adapting the Paris Declaration to different contexts, while maintaining its incentives for the most important collective and collaborative improvements.

The appropriate uses and limits of the monitoring indicators need to be more clearly recognised. The evaluations show that misunderstanding the role and place of the Monitoring Survey and its indicators has had serious unintended effects in narrowing the focus of attention, debate and perhaps action to a limited set of measures.

There are important synergies and tensions between commitments. Across the board, there are strong indications that movement on the different commitments is in fact mutually reinforcing, but there are also signs of some differences in priorities and possible trade-offs. As implementation advances on several fronts, it is becoming clearer that countries expect donor harmonisation to be country-led, and to be geared to support alignment. Some of the donors are perceived to be emphasising managing for results, selected aspects of mutual accountability and harmonisation, while partner countries tend to be most concerned with strengthening alignment and ownership.

The challenges of transition and transaction costs in implementation need to be tackled. Without calling into question the directions and measures specified by the Paris Declaration to strengthen aid effectiveness, all of the donor evaluations record that these changes are resulting in difficult transitional adjustments and increased transaction costs in managing their aid programmes. The studies suggest that harmonisation and division of labour have not yet advanced to the point of yielding much relief. Partner countries' evaluations are not yet clear about the burden of the new demands of strategic leadership being placed on them, or old ones of managing multiple donor interventions perhaps being alleviated. Overall, the evaluations do not yet yield a clear view as to whether the net transaction costs of aid will ultimately be reduced from the pre-2005 situation as originally anticipated as a key reason for the reforms, and how the expected benefits (if they exist) will be shared between countries and their Development Partners.

Partner country assessments of the Paris Declaration as a tool for aid effectiveness

Six country studies included chapters evaluating the Paris Declaration as a tool for aid effectiveness, specifically examining the clarity, relevance, and internal coherence of its provisions. The reports find that the Paris Declaration is still really clear only to those stakeholders working with it directly. This highlights the need for broader engagement and popularisation to avert the danger of it becoming a subject only for dialogue among bureaucrats, divorced from the political landscape in which it must be carried forward.

Countries raised concerns about the clarity, validity and purpose of some of the indicators being used to monitor implementation. They challenged the perceived notion that "one size fits all". Some of the Paris Declaration's targets are deemed unhelpful, unrealistic or insufficiently adapted to diverse conditions. As examples, informants cast doubt on such issues as: The actual capacity of governments in some countries or donor field staffs to carry the new tasks; the donors' ability to provide more predictable aid flows; the feasibility or merit of phasing out parallel project implementation units across the board; or of phasing down projects (which are still seen by some as the best vehicle for reaching some vulnerable groups).

The Paris Declaration is relevant to some of the main issues regarding the effectiveness and strategic use of aid, and it encourages greater impetus toward development goals. At the same time the Declaration is not necessarily designed to offer any tailored solutions to some of the other most pressing

development preoccupations, such as: The management of devolution and de-centralisation; human resource and capacity issues; new thematic thrusts in development; sustainability of the results of development projects and programmes; environmental issues; gender concerns; or better management of non-aid financing for development. Simply put, while the Paris Declaration has relevance within its particular sphere of aid effectiveness, it is far from being seen as a panacea for many countries' main development concerns.

The Declaration is seen by some as too prescriptive on countries and not binding enough on donors, and some point to a continuing perception that it is "donor-driven". All see a need to ensure that action on the different commitments is made complementary and mutually reinforcing, and to reduce the potential for incoherence and potential conflicts between different commitments and implementation measures.

Are the required commitments, capacities and incentives in place?

All of the individual evaluations assessed the "enabling conditions" – commitment, capacities and incentives – available in countries and agencies to support successful implementation of the Paris Declaration. The three tables in Section VII synthesise in one place the overview from the evaluations of the "whys" and "hows" of performance. It should be stressed that the variations in performance – and of the supporting commitment, capacities and incentives in different countries and especially agencies – are extremely wide. This is because the issue of managing aid better is only part (and often a relatively small part) of managing development priorities in all the partner countries assessed. These countries find the Declaration more or less useful for a variety of purposes, and the enabling conditions put in place will naturally reflect those variations.

A few development agencies are now internalising effective aid as their "raison d'être", and the Paris Declaration is a constant guide to how they organise and do their work. For other donor agencies, the evaluations find that aid effectiveness concerns do not always prevail over institutional inertia or other foreign policy or commercial objectives in their aid programmes, and Paris Declaration approaches are not fully internalised or applied. The summary assessments combine the findings and conclusions from both country and donor assessments, since their self-assessments and mutual assessments arrived at remarkably consistent results.

Key lessons

1. To counter the growing risks of bureaucratisation and "aid effectiveness fatigue" that many of the evaluations warn against, concrete measures are needed to re-energise and sustain high-level political engagement in the implementation of aid effectiveness reforms, both in countries and in Development Partner systems. Faster movement from rhetoric to action by both partner governments and donors is now crucial to retaining the Paris Declaration's credibility.

2. Successful implementation of the Declaration's reforms is much more likely in countries where understanding and involvement are extended beyond narrow circles of specialists, as has been shown in some promising advances in involving legislatures and civil society in both partner and donor countries. Within many countries, regional and local levels of government are also increasingly important actors and must be fully involved.

3. Other factors for successful implementation in countries often include the role of "champions" who ensure that the necessary capacity is deployed, and lead the vital drive to align aid with the country's budgetary and accountability systems. Among donors, the changes in regulations and practices to delegate greater authority and capacity to field offices have been the most important enabling conditions for successful implementation.

4. Strengthening both the actual capacities of partner country systems to manage aid effectively, and the international recognition of those capacities where they already exist, are now key requirements for advancing the implementation of the Paris Declaration reforms. Using those systems, while accepting and managing the risks involved, is the best way that donors can help build both capacity and trust.

5. The integrated, balanced and reciprocal character of the full package of Paris Declaration commitments needs to be strongly re-affirmed and applied, and the Monitoring Survey and indicators placed in their proper perspective as part of the overall agenda.

6. To offset the image of the Paris Declaration as a "one size fits all" prescription for rigid compliance, there is a need to reiterate and demonstrate that its guidance can and should be adapted to particular country circumstances, while also clarifying the features to be maintained in common.

Key recommendations

These recommendations are derived directly from the synthesised findings and conclusions of the evaluation, building both on examples of good practice and revealed weaknesses in the different countries and Development Partner programmes evaluated. They are set at a strategic level, and are likely to be applicable to a much wider range of countries and donor agencies than those directly evaluated, a number of which are already at the forefront of reform.

It is recommended that countries and partner agencies take the following steps for the remainder of the Paris Declaration review period up to 2010, establishing a clear basis for the five-year assessment of progress and further course corrections as needed at that time.

It is recommended that partner country authorities:

1. Announce, before the end of 2008, a manageable number of prioritised steps they will take to strengthen their leadership of aid relationships up to 2010 in the light of lessons from monitoring, evaluations and other stocktaking to date.

2. Build on the interim reviews of implementation in 2008 to ensure that they have in place a continuing transparent mechanism, ideally anchored in the legislature, for political monitoring and public participation around aid management and reform.

3. Give clear guidance to donors who are supporting capacity strengthening on their priorities for assistance to manage aid more effectively, consistent with their main development concerns.

4. Work out, by 2010 at the latest, adapted systems of managing for results that will best serve their domestic planning, management and accountability needs, and provide a sufficient basis for harnessing donors' contributions.

It is recommended that Development Partner/donor authorities:

5. Update their legislatures and publics in 2008 on progress to date with aid effectiveness reforms, underlining the need and plans for further concrete changes to be implemented before 2010 to accept and support country leadership in aid implementation and greater donor harmonisation.

6. Before the end of 2008, announce their further detailed plans to delegate by 2010 to their field offices sufficient decision-making authority, appropriately skilled staff and other resources to support and participate fully in better-aligned and harmonised country-led cooperation.

7. Specify their concrete planned steps to improve, by 2010 at the latest, the timeliness, completeness and accuracy of their reporting and projections for aid flows to feed into the planning, budgeting and reporting cycles of partner countries, together with other donors. Make the necessary provisions for multi-year allocations, commitments, or firm projections.

8. Provide supplementary budgets, staffing and training up to 2010 to help their own programmes adjust for the transitional and new demands and transaction costs and learning needs that are being reported as major concerns in implementing the Paris agenda.

9. Allocate special resources (budgets and coordinated technical assistance) to support and reinforce countries' prioritised efforts to strengthen their own capacities to implement more effective cooperation. Work with partners to design and manage other interim means of implementation (such as project implementation units) so that they steadily enhance capacity and country ownership.

It is recommended that the organisers of the Phase Two evaluation on implementation:

10. Design the evaluation strategically to: Pursue the results and dilemmas found during Phase One and address squarely the question of "aid effectiveness", assessing whether aid is contributing to better development outcomes and impacts (development effectiveness). It should rely on representative country evaluations and apply a consistent core methodology.

1. Introduction

1.1 The Paris Declaration

The Paris Declaration on Aid Effectiveness[1] is a landmark international agreement intended to improve the quality of aid and its impact on development. It was endorsed in March 2005 by more than one hundred ministers, heads of agencies and other senior officials from a wide range of countries and international organisations. It lays out an action-oriented roadmap with 56 commitments, organised around five key principles: Ownership, alignment, harmonisation, managing for results and mutual accountability.

The Paris Declaration is a major challenge to the world of development cooperation. Going beyond previous joint statements on aid harmonisation and alignment, it sets out practical measures with specific targets to be met by 2010 and definite review points in the years leading up to it. The final declaration text included commitments not just on the established agenda for harmonising and aligning aid, but also on other areas, including country ownership and results management as well as mutual accountability. It contained clear provisions for regular monitoring and independent evaluation of the implementation of commitments. A first Monitoring Survey of progress was carried out in 2006 and a second will be completed in 2008[2]. The surveys are intended to monitor what is happening against specified indicators with respect to implementation, while the evaluation is intended to illuminate why and how things are happening as they are and to shed light on emerging effects (intended and unintended) of changes in behaviour among countries and their Development Partners. This report covers the first phase of the evaluation called for by the high level participants who endorsed the Paris Declaration.

1.2 The evaluation of implementation

The overall purpose of the two-phase independent evaluation is to assess the relevance and effectiveness of the Paris Declaration and its contribution to development. The evaluation is intended to complement the ongoing monitoring of implementation with a more comprehensive and qualitative understanding of how increased aid effectiveness may contribute towards improved development effectiveness.

Because of its ambition, scope and broad participation, the Paris Declaration poses an important new challenge to the field of development evaluation as well as to development and development cooperation. The Framework Terms of Reference for the Evaluation are provided in Annex 2. They outline the management and quality assurance provisions applied, including the responsibilities of the international reference and management groups guiding the evaluation, backed up by a team of independent peer reviewers. Importantly, the Paris Declaration specified that the evaluation process should be applied without imposing additional burdens on partners – a condition that has been reflected in various ways in the evaluation processes and products.

The scope of Phase Two of the evaluation, to be completed in 2011, will be to test whether the intended effects of the Paris Declaration are being achieved: Are the Paris commitments being realised and serving to make aid more effective ("outcomes"), and is this in turn resulting in greater development effectiveness ("impacts") as intended in the theory underlying the Declaration?

1.3 Purpose and scope of the Phase One Evaluation

The first phase of the evaluation process runs from March 2007 to September 2008 with the aim of providing information on how and why the implementation of the Paris Declaration has proceeded as it has done to date. The evaluation will therefore focus on causal effects which are not captured within the parameters of the Paris Declaration Monitoring Surveys, and will begin testing the expected outputs of the aid effectiveness agenda and giving attention to unintended outcomes of the implementation process.

1 The text of the Declaration is provided as Annex 1 of this report for ready reference.

2 Twelve indicators of aid effectiveness have been selected as a way of tracking and encouraging progress against the broader set of commitments.

Since this is an evaluation focused on helping improve activities that are still underway, the focus of the Phase One exercise is on ways of improving and enhancing implementation, rather than rendering definitive judgment about its effectiveness. Thus it focuses on drawing out key issues, lessons and points of concern to policy makers, particularly on explanations for why and how progress in implementation of the Paris Declaration is being achieved or not. The synthesis team has also been requested to use the evidence as a springboard to raise issues and pose questions that will move the implementation process forward. This synthesis of the first phase evaluation results is primarily targeted at the audiences to be represented at the Accra High Level Forum and their colleagues at home, with a view to reaching wider audiences in the international community.

1.4 Approach, methodology and limitations

The emphasis in this Phase One Evaluation has been on assessing implementation to date, focusing on three central evaluation questions:

- *What important trends or events are emerging in the early implementation of the Paris Declaration?*
- *What major influences are affecting the behaviour of donors and partners in relation to implementing their Paris commitments ("inputs")?*
- *Is implementation so far leading in fact to actions and changes in behaviour toward the Declaration's five commitments of greater ownership, alignment, harmonisation, managing for development results and mutual accountability ("outputs")? If so, how and why? If not, why not?*

The architecture of Phase One of the evaluation (2007-2008) has comprised: Country level evaluations; donor headquarter evaluations; thematic studies; and the present synthesis of the first two sets. The results of several thematic studies will be released separately. This synthesis is based on the eight partner country and eleven Development Partner headquarters evaluations in hand by 1 March 2008 and inputs from a workshop on emerging findings in early February 2008.

1.5 Country level evaluations

The sample group for the country level evaluations has been a self-selection of partner countries volunteering to conduct such studies[3] applying a set of Generic Terms of Reference (See Annex 3) as well as common guidance for management arrangements. In order to reduce the burdens and maximise the usefulness of the work, the national management groups and teams were free to determine and adapt the depth required of the various dimensions to be investigated in their respective countries. It must be noted that least developed countries are far less heavily represented in this group than in the general population of partner countries. Moreover, half of the self-selected countries are widely viewed as being far above average among all partner countries in the advancement of their aid effectiveness reforms. The possible implications of these characteristics of the group of country evaluations have not been systematically analysed, but they do need to be borne in mind in considering the possible wider applicability of the findings, conclusions and recommendations here.

The demands of country studies were more extensive than those of donor/agency evaluations[4]. This reflects the fact that the country studies were planned as the most important source for assessing implementation on the ground, supplemented by a "lighter" headquarters evaluation on the donor agencies that have been more regularly reviewed elsewhere.

With a view to helping explain the action or lack of action that was found, all the evaluation teams were expected to examine specifically three "enabling conditions": The commitment and leadership being applied, the capacities to act, and the incentives to do so. The findings on these conditions can be traced through the following chapters of this report and are summarised in Chapter VII. Chapter VI summarises specific assessments, in the country studies, of the utility of the Paris Declaration as a tool for aid effectiveness, as well as the behaviour of donors and the country itself in implementing each of the five main commitments.

Eight country teams were in a position to produce evaluation reports in time to be synthesised and presented in Accra. The partner country studies synthesised here are those covering implementation in Bangladesh, Bolivia, the Philippines, Senegal, South Africa, Sri Lanka, Uganda, and Vietnam. The studies on Bolivia, the Philippines and Uganda were still in draft stages when the synthesis was prepared. The Vietnam study was prepared for a parallel process by an independent monitoring team and is not a country study by the Government of Vietnam.

Several of the country studies selected samples of Development Partners' programmes to analyse and survey, while others focused on the implementation of the Declaration's commitments in particular sectors. These adaptations proved valuable in helping to ground the broader explanatory factors with concrete examples, and deeper analysis through the inputs of sector specialists and practitioners.

The studies applied accepted methodologies and data collection instruments, with substantial reliance on survey tools. The specific designs, sampling techniques and levels of effort used for the country studies differed widely, but overall they yielded information and findings that were broadly comparable.

3 The partner countries approached to undertake such studies were those participating in 2006-2007 in the the Joint Venture on Monitoring. One additional partner country (Sri Lanka) volunteered as well, and these countries' participation in the Joint Venture and volunteering for this exercise would suggest their relatively high levels of interest and engagement in aid effectiveness issues. Thus there is no claim that the self-selected countries are formally representative or comprehensive. However, the participating countries do include small and large, federal and unitary states, different political and economic systems, and more or less "aid dependent" countries as well as a geographical spread.

4 Donor agencies volunteered to assist with financial support for country studies.

1.6 Development Partner headquarters level evaluations

As with the country case studies, there was a self-selection process among donor countries and agencies that volunteered to undertake headquarters level evaluations[5], also based on a generic set of Terms of Reference (See Annex 4). While major adaptations of the terms of reference were not considered appropriate for the donor studies, the respective teams were free to add issues and points for special attention responding to their agencies' particular interests for related evaluative work. A number of the evaluations included optional additional sections on particular sectors and cross-cutting issues, as well as adopting more extensive sampling techniques and methodologies. As with the country studies, the findings of the evaluations concerned were evidently enriched and strengthened by these additions, even though these supplementary findings cannot be directly reflected in the common framework for the synthesis. They should, however, be expected to add continuing value to the work of the donor agencies concerned and their partners.

Eleven Development Partner or donor agencies produced reports to be covered in this synthesis and presented in Accra. The Development Partner studies synthesised here are those of the Asian Development Bank, Australia, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, New Zealand, the United Kingdom, and the United Nations Development Group (UNDG). Despite substantial variations in both the depth and approach of these Development Partner evaluations, they yielded a comparable base of information and findings in line with their terms of reference. It must be noted that those terms of reference did not call for dedicated treatment of each of the Declaration's five commitments, as did the partner country studies, so that the overall reflection of the Development Partner studies is more limited. From the outset, the intention has been that the country evaluations would be the principal base while the donor headquarter evaluations were meant to supplement the country studies – by providing explanations for behaviour in the field.

1.7 Emerging findings workshop

Another important contribution was made to the Phase One Evaluation by the 50 participants[6] in a workshop on emerging findings organised in Parys, South Africa from 30 January to 1 February 2008. These sessions generated useful feedback on the preliminary findings, helping to test, clarify and amplify many points, and highlighting some for special attention in the final reports. The workshop also helped to examine some important working hypotheses and underlying assumptions about the implementation of the Paris Declaration.

1.8 Limitations of the evaluation

Most of the limitations of the Phase One Evaluation were anticipated from the outset by the international reference and management groups and accepted in the interest of providing early evaluative assessments to help in lesson-learning and possible course-corrections. The main limitations are the following:

- The fact that the Declaration is relatively recent, and thus the evaluations could only assess early progress in the implementation of its far-reaching commitments;
- The fact that many parts of the aid effectiveness reform agenda were already underway well before the Declaration, limiting the extent to which many changes can or should be causally attributed to the Declaration;
- The self-selection of relatively small groups of countries and partner agencies for evaluation[7];
- The absence of control groups or clear baselines, and major gaps in reliable quantitative data in almost all cases (an issue that is partly addressed, but with many of its own difficulties, in the ongoing monitoring exercises). The results of the 2008 monitoring exercise were not yet available at the time this report was written;
- Complex and differing methodologies for the country and Development Partner evaluations, including the fact that no standard questions were prescribed (even within these groups) at a level that would permit useful quantitative comparisons or aggregations;
- Wide variability in the strength of the evidence and analyses presented in reports;
- Different degrees of independence among evaluation teams for the different studies; and
- Relatively limited time and resources available for the evaluations.

1.9 Thematic studies

As envisaged in the planning of the evaluation, the international Reference and Management Groups have commissioned special thematic studies to supplement the country level and donor evaluations. To date, such thematic studies, which are proceeding in parallel with the synthesis and will be reported on separately at Accra, have been commissioned on:

- Statistical capacity building;
- Untying of aid; and
- The Paris Declaration and fragile states.

A special study on links between the Paris Declaration, aid effectiveness and development effectiveness is being undertaken to inform the design of Phase Two of the evaluation.

5 There is no claim that the self-selected donor organisations are in any way representative or comprehensive. It should be noted that the two largest bilateral donors (the United States and Japan) and multilateral agencies (the World Bank and European Commission) did not volunteer to take part. Beyond adherence to the Paris Declaration, the universe of aid has to begin to take account of the very large flows now being allocated, and relationships developed, by major foundations and similar private organisations, as well as the activities of "non-traditional" donor countries and hundreds, if not thousands, of non-governmental agencies focusing on international development.

6 They represented the international reference group as well as the independent evaluation teams from several countries and partner agencies and some additional observer countries.

7 While the self-selected countries and donor organisations are not formally representative or comprehensive, these studies do permit detailed analysis of a significant range and distribution of concrete experiences and, with careful attention to context, may shed considerable light on experience elsewhere.

Additional studies had been considered on questions around technical cooperation, civil society engagement, and cross-cutting issues, such as gender, environment and governance, but it has so far been concluded that these topics were being covered through other efforts. Possible needs for further thematic studies are also being considered for Phase Two of the evaluation.

1.10 Synthesis report purpose, structure and approach

The purpose of this synthesis report is to provide a succinct, credible and useable synthesis of the evaluation outputs of Phase One, to be presented at the 3rd High Level Forum on Aid Effectiveness in Ghana in September 2008 and for wider international use. It distils and analyses key findings from the individual reports into a coherent strategic product with conclusions and recommendations that are policy-relevant, forward-looking and targeted to those who can act on them. Reading this report should in no way be viewed as a substitute for referring to the evaluation reports themselves, some of which are rich sources of frank and detailed findings, conclusions and recommendations that merit wide national and international attention.

The structure of the synthesis report integrates the overall terms of reference for the Phase One Evaluation and the more specific mandates for the different country and Development Partner agency evaluations. The framework for assessing progress in implementing the Paris Declaration is quite explicitly set out in the 56 commitments of the Declaration itself, and the patterns of implementation will be reported against these norms.[8]

On this basis, the sections 3.I to 3.V below assess implementation under each of the Declaration's key commitment areas. Synthesising the evaluation findings and answering the evaluation questions, each section provides an overall appraisal, a description of emerging trends and events, influences on the behaviour of countries and Development Partners, and conclusions.

Taking account of the overall limitations noted, the synthesis quantifies the overall results only in those rare cases where this is clearly supported by the evidence in a sufficient number of studies. In most cases the synthesis indicates the relative prominence, frequency and distribution of similar findings and conclusions, and focuses on drawing out examples of promising or less encouraging practice, and offers lessons and recommendations that potentially have broader relevance.

Sections 3.VI and 3.VII synthesise the results of two additional features in the evaluations. Section VI reports on the specific assessments, included in partner country reports only, of the Paris Declaration as a tool for aid effectiveness, including its clarity, relevance and coherence, and on their identification of emerging outputs on the ground. Section VII synthesises in one place the results of the assessments made in all of the individual evaluations on the "enabling conditions" – "commitment, capacities and incentives" – available in countries and agencies to support successful implementation. These assessments were intended to generate answers to the "whys" and "hows" of performance in the Phase One Evaluation.

At the end, the report draws together a number of broader emerging issues, which go beyond or cut across the individual commitments, as well as strategic conclusions, lessons and recommendations.

The report examines the key contextual factors affecting the implementation of the Declaration, both internationally and within different countries and agencies. The different methodologies of the two groups of evaluation studies do not permit any systematic comparisons or contrasts between perceptions of the Paris Declaration and its implementation in countries and Development Partner evaluations[9]. The evaluations did not consistently include evidence relating to the reflection of cross-cutting development issues (such as gender equality, environment, human rights and governance) or civil society engagement in the implementation of the Paris Declaration, although a small number of studies added particular study of some of these questions and the results are reflected in their individual reports.

8 At the same time, it should be noted that significant confusion, overlap and differences in interpretations are reported around some of the commitments, and these factors are reflected, assessed, and in some cases clarified in the report.

9 The country evaluations were specifically asked to canvas national and Development Partner (field) perspectives on key issues, including implementation in each of the five commitment areas. Sample sizes and distributions differed very substantially, and results and strategic findings were not always reported separately by these groups. In the donor headquarters evaluations, meanwhile, much narrower ranges of questions and respondents were expected, but some went much further and included extensive surveys of field staff, partners and others, although once again with very different samples, and findings at the more strategic level that do not always distinguish by groups of respondent.

2. The Context for the Implementation of the Paris Declaration

2.1 The international reform context

It is important for this evaluation to register clearly that the Paris Declaration in 2005 was not the beginning of serious international concern for maximising the effectiveness of aid and its contribution to development.[1] The Declaration was, however, a watershed in formalising and refocusing international attention and concerted efforts to develop an international plan of action.

While the difficulties and complexities of development and development cooperation have always been recognised, it was in the 1990s that a critical mass of governments and international organisations began to show the necessary determination to grapple with the challenges of reform. There was widespread frustration – in both aid-receiving and donor countries – with the perceived dearth and unevenness of demonstrable and sustainable results from development cooperation, and many specific concerns relating to such issues as:

- the overloading of developing countries with projects, missions, reporting and other demands by donors;
- the failure of much technical assistance to strengthen indigenous capacity;
- the costly tying of aid procurement to national suppliers; and
- examples and patterns of the misuse or misappropriation of resources.

The overall frustration with the lack of tangible development results was compounded by other factors, including unsustainable debt and the growing HIV/AIDS pandemic; rising concern for gender equity; severe governance problems; the neglect or abuse of human rights; and environmental pressures.

Several decades of effort and many unfulfilled expectations on both sides of the development cooperation relationship – and not least the tensions around "structural adjustment" policies and aid conditionalities – had taken their toll on confidence in aid regimes and resulted in a genuine crisis in the field of aid. One tangible indicator of the malaise was the decline in international development spending. Different countries and agencies launched or intensified remedial measures of their own, including a far-sighted innovation in the Independent Monitoring Group in Tanzania, that was set up to help bridge the gulf between the government and the international financial institutions and donors.

These various efforts had mixed results, but their significance lay in underlining the need for joint actions to improve and demonstrate aid effectiveness, based on a new set of relationships between countries and their "Development Partners". Related developments included the initiative for Heavily Indebted Poor Countries, the introduction of Poverty Reduction Strategy Papers, as well as the proposals of the Development Assistance Committee of the OECD in Shaping the 21st Century, and the Comprehensive Development Framework from the World Bank. The thinking behind these various initiatives fed into major global policy responses, including: The 2000 Millennium Development Goals, a new agreement on Aid Untying, the Monterrey Consensus of 2002 and the 2003 Rome Declaration on harmonisation. The 2001 launching of the New Partnership for Africa's Development and the African Peer Review Mechanism on governance were key related initiatives at a continental level.

This background is important for this evaluation, because it demonstrates that many parts of the programme of action that eventually constituted the Paris Declaration were already in place and being applied in different countries and partner agencies. So it would be difficult to attribute a good number of changes solely to the implementation of the Declaration. In fact a number of the evaluation studies and their interlocutors have raised this as a methodological problem and/or a "political" concern. They point to a number of actions where they seek credit for pioneering before Paris.

1 In fact, it is disconcerting to note the many excellent diagnoses and prescriptions produced many years earlier which already focused on some of the same key problems now being addressed under the Paris Declaration.

It is therefore worth re-emphasising that the evaluation fully takes into account that aid effectiveness reform was already a work in progress well before the Paris Declaration in 2005. To this end, the evaluation should not be misread as automatically attributing actions or changes in behaviour to the implementation of the Declaration because it takes into account those earlier and parallel reform efforts. At the same time, it is noteworthy that all the individual evaluation reports which raise this issue as a concern also freely acknowledge the substantial reinforcing and legitimising effect of the combined programme of action in Paris, and its wide international support.

2.2 The context in different countries and institutions

The studies for the Phase One Evaluation have highlighted wide variations in the levels of commitment, capacity and incentives to apply the Paris Declaration commitments, even between this relatively small sample of countries and somewhat larger relative sample of donor institutions. This variation is even more remarkable when it is considered that all the participating countries and institutions volunteered, which logically suggests that at least some of those not participating are likely to be less prepared and engaged and to vary even more widely.

Among the eight partner countries where evaluations were completed,[2] some were already well-known to be among the strongest advocates and practitioners of partner country leadership in development cooperation in their respective regions. All have themselves endorsed the Paris Declaration, and there is some initial evidence in the evaluation that this adherence itself does make a difference to performance in these areas.[3]

While there is no formally-recognised international categorisation of "fragile states," a substantial number of countries in the world are commonly believed to fall into such a category at different times. Depending on the nature and degrees of fragility and forms of aid involved, the conditions implied by this term would be expected to have serious impacts on aid effectiveness. These situations are being examined separately in one of the thematic studies for the evaluation, and were not specifically reflected in the evaluation studies here, although some effects of past and current conflicts, as well as the impacts of major natural disasters, do arise in some of the countries examined.

More broadly, it is clear that the engagement and implementation performance of all countries on the Paris Declaration agenda is shaped by their political contexts, nationally, regionally and internationally. In several instances, the evaluation studies highlight substantial shifts and/or uncertainties in performance, attributed to political changes, pressures, and adjustment periods. One other crucial, and changing, part of the context, not yet properly analysed, is the effect of non-aid resource flows and growing aid flows which may remain outside the Paris Declaration frameworks (particularly from major foundations and other private sources, non-traditional official donors, and development NGOs).

A number of other contextual differences have been discussed in relation to partner countries' willingness and ability to play their full part in implementing the commitments in the Paris Declaration, but they have yet to be subjected to rigorous analysis. The sampling and focus of the present evaluation have not been designed to provide a basis for generalisations in this regard, but its consideration of the possible effects of contextual differences may provide a basis for some useful hypotheses. Two potentially strong contextual determinants are likely to be a country's relative level of political cohesion and administrative capacity, and others that should be taken into account would include levels of aid dependency (which can be measured in various ways), the numbers of donors present and their relative shares of the aid provided, traditional aid relationships, levels of national income, economic and social systems, centralised or decentralised systems of governance, and the development of civil society and the private sector.

Similarly, the contexts of the nine bilateral donors and two multilateral agencies for which evaluations were conducted differ substantially. All of them have endorsed the Paris Declaration.[4] Among the nine national agencies where evaluations were completed, several were already known as champions of high volumes of aid as well as effectiveness reforms. The group includes several large programmes and some quite small ones, and both global and more regionally concentrated programmes. Their political and administrative systems vary considerably and this is reflected in their aid organisation, including such aspects as the involvements of different ministries and agencies, levels of centralisation and decentralisation, and staffing and authority in the field.

The two multilateral Development Partners evaluated provided insights into the key multilateral dimension and experience in the overall aid picture. The Asian Development Bank is an important regional international financial institution. The UN Development Group has 27 members, including: Seventeen UN agencies, programmes and funds; five regional economic commissions; and five observers. The diversity of the UNDG was reflected in the smaller group of five members designated to carry out the assessment.[5]

2 Bearing in mind that the very useful Independent Monitoring Report on cooperation in Vietnam was not itself formally part of the Phase One exercise, although Vietnam was intensively engaged and supportive throughout the evaluation.

3 UNDG study survey results.

4 A further reminder of the growing aid presence of donors which have not yet endorsed the Paris Declaration, as well as countries which are both donors and recipients of aid but have not endorsed it in both capacities.

5 The assessment of UNDG evaluated changes in behaviour in five agencies at headquarters and at country level of the UN Country Teams in six case studies. It was agreed after internal consultations that the United Nations Development Programme would carry out the assessment on behalf of the whole Group jointly with the International Fund for Agricultural Development, the Joint United Nations Programme on HIV/AIDS, the United Nations Economic Commission for Africa, and the United Nations Fund for Women.

3. Synthesis of Evaluation Findings

I Ownership

> Partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions.
>
> *The Paris Declaration*

The explicit commitment to ownership was an addition in Paris to the previous aid effectiveness agenda, and it was intentionally placed first on the list of commitments. This prominence of "ownership", also evident in the 2006 Survey and other analyses, reflects the understanding that ownership and specifically partner country leadership is the most important overarching factor for ensuring commitment to Paris Declaration objectives. In other words, the ways in which measures are taken on alignment, harmonisation, managing for results and mutual accountability may often represent a practical test of ownership.

3.1 Overall appraisal

All the partner country evaluation studies reveal a strengthening of national development policies and strategies since 2005. Even the countries with most experience face difficulties in translating these national strategies across the board into sector strategies and operational, result-oriented and decentralised programmes, and in coordinating Development Partners. While national ownership is strong, it remains narrowly shared within these countries, mostly limited to the level of central governments.

All the donors examined have put measures in place since 2005 to strengthen their acknowledgement and respect for partner country ownership. For both countries and Development Partners, political engagement and leadership are the most important determinants of how they will act to strengthen country ownership. Meanwhile, most donors' own political and administrative systems are found to set differing limits on their actual behaviour to support country ownership. The findings point toward ways to help advance understanding, both within and between partner groups, about the practical meaning and boundaries of country ownership and leadership.

3.2 Emerging trends and events

Building further on pre-Paris foundations

All the partner country evaluation studies find that there has been tangible strengthening of national development policies and strategies and their implementation since 2005. A clear majority of the countries examined were already well advanced and experienced in this work, others less so. In both instances progress since Paris has built upon this base. The progress is evident in the refinement and updating of strategies with strengthened consultation in most cases, as well as detailed mechanisms for implementing strategies. A growing number of such strategies are clearly judged to meet the Paris Declaration's standards of "good practice". A number of cases also document improved forums and procedures for managing cooperation with Development Partners, at either the national or sector levels.

Challenges in deepening and broadening ownership

Even the countries with longest experience, however, are encountering challenges in translating these national strategies across the board into sector strategies and operational and decentralised programmes[1], and in exercising their leadership in coordinating cooperation. The less-experienced countries are shown to be encountering the highest hurdles. Also with recognised stimulus from the Paris Declaration, aid

1 One of the first key commitments in the Paris Declaration is for partner countries to "translate their national development strategies into prioritised, results-oriented, operational programmes, as expressed in medium-term expenditure frameworks and annual budgets".

coordination work in general is reported to be more intensive and purposeful (especially at the sector level) even where host country leadership is not always as prominent as desired. Some of the multilateral agencies are credited with useful roles in helping to strengthen countries' capacities to prepare and execute strategies, though the need and extent for such assistance varies considerably.

All the partner country evaluations report serious capacity gaps in fulfilling their ownership responsibilities, although the capacity gaps are not new nor are the strains they place on weak bureaucracies. Overall the observed gaps and the strained capacities are not attributed to meeting the Paris commitments.

Consultative processes and dialogue with donors, civil society and the private sector are now in place in all the partner countries where evaluations took place. Virtually all interlocutors acknowledge a continuing challenge in achieving what they would consider sufficient engagement of the broader society, and even that of national line ministries and sub-national levels of government.

> "The Development Partners expect a great deal from the government in order to carry out its coordination roles.
>
> *Senegal evaluation*

> Real and proactive steering of coordination by the country is considered to be the exception.
>
> *France evaluation*

> … the evaluation team supports the 2006 findings that 'ownership capacity largely resides in National Treasury and many key national Departments, outside of which ownership/leadership is 'patchy'.
>
> *South Africa evaluation* "

Acceptance and respect of ownership by Development Partners

All the evaluations of implementation by Development Partners found that since 2005, measures have been put in place to strengthen their acknowledgement of the importance of and respect for partner country ownership. These measures range from political and high-level administrative policy statements in most cases, to new training and guidelines, to new programming approaches and, in some cases, new capacity building initiatives and incentives to support greater partner country ownership and leadership.

In a clear majority of the partner countries examined, the Development Partners are now expecting partner country leadership and responding to it when exercised. Difficulties arise when that leadership is weak or not forthcoming.

The evidence emerging reveals that Development Partners' broad and increased readiness to accept leadership in aid coordination from host countries is often exercised with the Paris Declaration commitments explicitly in mind. At the same time, the evaluations suggest, the host countries' capacity to exercise such leadership in meaningful ways is often overstretched and/or can be only be selectively exercised.

Constraints on Development Partner support

Like their partner countries, most national donor agencies can still count only on narrow circles of understanding and support at home for the importance of greater ownership. In fact they have virtually all cited reservations among their own development NGOs who are worried about the apparently increased reliance on government-to-government relationships and a narrowing scope for civil society.

Meanwhile, most donors' own political and administrative systems are found to set differing limits on their actual behaviour to support country ownership. Key obstacles identified include the pressures they face to maintain the visibility and attribution of their individual contributions, to satisfy their individual fiduciary and accountability requirements, and to be able to pursue foreign policy, commercial and/or institutional interests through their aid programmes.

Defining and measuring ownership

Another issue found in many of the evaluation findings is the continuing uncertainty and debate about the practical meaning and boundaries of country ownership and leadership. The expectation of greater ownership is found by many donor and partner interviewees not to be very clearly defined, and the Monitoring Survey's indicator of ownership was found inadequate in almost all the country evaluations. Yet, as the overarching and guiding commitment in the Paris Declaration, ownership is often held up as the key "political" test of progress in implementing the other commitments, which are often perceived as more "technical".

One not unexpected source of tension reported between some countries and some of their Development Partners comes from the dual dimension of developing country ownership in the Declaration. It calls for the exercise of (government) "leadership in developing and implementing national development strategies" but specifies that this should be "through broad consultative processes" and "encouraging the participation of civil society and the private sector". In some few cases, these requirements are seen to open the door to outside interference. In a majority of the countries examined, however, this potentially sensitive issue has not been reported as a prominent source of contention since the Paris Declaration.

3.3 Influences on the behaviour of countries and Development Partners

Commitment

In partner countries: Political commitment to asserting country ownership and leadership has been very strong since well

before 2005 in at least four of the countries evaluated here, backed up with considerable determination to follow through with measures to make that leadership effective. Since the Paris Declaration, the evaluations show that its international legitimising force and growing levels of donor commitment have reinforced the pioneers' efforts, and helped open up greater space for more partner countries to assert ownership and exercise leadership. It is not clear what effects may be felt from the growing presence and role of emerging donors that have not yet endorsed the Paris Declaration commitments.

However, the evaluations also show that within partner countries themselves – including those with most experience in improving aid effectiveness – the levels of commitment to asserting ownership also tend to vary. For example, these differences can be found between treasuries and ministries of finance on the one hand, with their interests in coordination and influence on the budget, and some line ministries, sub-national governments, and non-governmental actors on the other, which may have important stakes in traditional, sometimes donor-led, arrangements. Closely related to questions of capacity discussed below, the evaluations also suggest major variations among the partner countries in the levels of confidence and ambition they are prepared to bring to the challenges of assuming greater ownership and leadership.

In Development Partner agencies: The key behaviours to be changed for donors to increase country ownership involve "letting go" and reducing past degrees of strategic donor control and leadership. In practical terms this implies reducing demands for the visibility and attribution of their individual contributions, less insistence on meeting their individual fiduciary and accountability requirements, and reducing the influence of foreign policy, commercial and/or institutional interests on development programmes.

International and domestic political support and peer pressure, combined with the experience and professional motivation of their personnel, have led most donor agencies to a stronger commitment to ownership at the level of principle and rhetoric, and to varying degrees in policy and practice. At the same time, all the bilateral donor evaluations acknowledge that the breadth and depth of political and public understanding and support at home are less than what they would consider a secure base.

However, there are wide differences among donor countries in this respect. In general those with the broader and deeper bases of political understanding and support (usually where there is stronger understanding by parliaments) have been able to go further and sustain their adaptation to ownership, for example accepting lower direct national visibility and more realistic expectations for results. In countries where the Paris Declaration and its central commitment of country ownership and leadership are seen to be mainly about technical and bureaucratic issues, the base for changing behaviour and overcoming the obstacles is demonstrably weaker. Some of the evaluations and their informants are frank in their assessments that aid effectiveness, as envisioned in the Declaration, does not necessarily outweigh their other national concerns and objectives in their aid programmes.

The multilateral agencies which carried out evaluations – both the UN Development Group and the ADB – count partner countries directly among their own owners and governors. By the same token they also show that international political and peer pressures tend to have more direct resonance for them and have thus provided a considerable impulse to change. To differing degrees, however, the evaluations trace how these institutions have faced their own hurdles in adapting their own accountability requirements and overcoming institutional rigidities and interests that present obstacles to greater partner country ownership. These institutions, too, face demands for their own visibility and attribution of results, although they are largely removed from commercial and foreign policy interests.[2]

Within the majority of Development Partner agencies assessed, the understanding and commitment to ownership is reported to be strongest among personnel with direct engagement in programmes, especially on the ground in countries. As a result, those agencies with the strongest decentralisation and field orientation, and cohesive and influential institutional set-ups within their home administrations, have been the most empowered to accept greater ownership as an integral part of their organisational mission and culture. On the other hand, three Development Partner evaluations explicitly show how unresolved headquarters issues of "ownership" and leadership *within* their own inter-ministerial and inter-agency systems represent a substantial obstacle to movement in accepting greater partner country ownership. In other words, before these systems can present a coherent position to partner countries and other donors, they report that they have much further work to do in harmonising their policies and procedures with their fellow ministries or agencies at headquarters.

Capacity

In partner countries: The evaluations reveal both real and perceived limits on the capacities of all partner countries to exercise leadership, particularly in setting and implementing operational strategies, in working at sub-national levels, and in coordinating Development Partner contributions. Even the better-endowed systems evaluated are grappling with the need for dedicated units to promote, guide and monitor leadership, but also the need for these responsibilities to be "mainstreamed" throughout the relevant institutions.

2 The UNDG evaluation highlights some of the special responsibilities of its members: "UNDG constituencies are member states. This enforces United Nations neutrality as well as its normative role in following up international conventions and intergovernmental agreements". This mission is seen as compatible with implementing the Paris Declaration commitments to ownership.

> There is a contradiction between theory and practice, for even if greater institutional capacity is demanded from government, a high percentage of international cooperation [agencies] demand hiring of [other] entities for administration and/or procurement, which further weakens these capacities …
>
> *Bolivia evaluation*

> The UN Development Group/Country Team (UNDG/UNCT) contribution to strengthening ownership mainly took the form of assisting governments in strengthening capacity to prepare and execute their country development strategies and plans and preparing to deal with new aid modalities such as Sector Wide Approaches and Direct Budget Support. Because country ownership varied largely, the role of the UN Country Team also varied. The Resident Coordinator's Office as well as individual UN agencies, through collaboration with government and both multilateral and bilateral agencies, have played an important role in creating an enabling environment for the achievement of the Paris Declaration objectives through promoting a shared understanding of the principles. UNDG/UNCT was seen as a trusted partner supporting countries to fulfil their national as well as international development obligations and in designing and implementing development strategies.
>
> *UNDG evaluation*

Even while some improvements are being registered, unresponsive civil service systems and high staff turnover are still repeatedly reported as key capacity constraints: On policy and project formulation, processing and approval, implementation and management (including financial management and procurement) and monitoring and aid coordination. In these circumstances, constant tensions and choices of priorities must be faced, and shorter-term expedients may take precedence over longer-term capacity building and strengthening of ownership and leadership.

In Development Partner agencies: Most Development Partner systems also have capacity constraints in supporting greater ownership, both because of built-in limitations in their national systems, institutional structures and regulations, and because of the ways they deploy their resources. These agencies differ in the extent to which they have been willing and able to grapple with these problems in the interests of greater effectiveness, and the Paris Declaration has been a significant support for action in all and adopted as a major driver in some.

Seen from the partner-countries, the capacities of different donors to support ownership and leadership vary considerably. Turnover of staff is a problem with some, and even the better-endowed are reporting shortages of appropriately skilled staff to manage the changing cooperation agenda and cover their new responsibilities. At the same time, the excerpt below from the Bangladesh study is representative of almost all the country studies and several of the Development Partner evaluations in its finding on the most important single capacity constraint for donors: "The major capacity constraint of some Development Partners is the lack of sufficient delegation of authority from the HQ to take decisions at the field level on many issues."

Incentives

The examination of incentives and disincentives to implement the Paris Declaration has been interpreted somewhat differently in the various evaluation studies. It was given greater attention in the terms of reference for partner headquarters studies, with a particular emphasis on incentives for individual performance. The German evaluation study included a breakdown of different types of incentives affecting implementation. With some modifications as below, these categories can be helpful more widely in assessing incentives on all sides. The incentives, and conversely disincentives, for implementation might be found to lie in:

a. national or institutional policy direction;
b. institutional profile;
c. organisational targets;
d. individual targets;
e. a clear and important mission and responsibilities;
f. career recognition and tangible compensation for performance;
g. synergies and learning; and
h. intrinsic professional or personal motivation.

In partner countries: In several of the partner countries – and especially in sectors or programmes where the overall role of aid is relatively small – national or institutional policy direction in favour of implementing greater ownership is shown to be strong, but most of the other potential incentives only take on substantial weight or importance for personnel who have a considerable share of their work invested in development cooperation activities. Even in those cases, systems for career recognition and tangible compensation for this work (and often for civil service performance in general) are found to be inadequate.

Part of the aid reform underway is in the direction of reducing the premiums in pay and conditions that have long been associated with donor-led projects and parallel implementation units. The Uganda evaluation notes that motivation is generally high in parallel units because they tend to offer incentives in categories c. and d. above. As is seen in a number of the studies, implementing even limited changes to these special benefits is proving difficult and gradual. The result is that in other aid work a great deal of reliance tends to fall back on the intrinsic professional or personal motivation of personnel alone, together with some occasional ancillary benefits of involvement in aid projects.

> Another critical area of aid effectiveness is the absence of an appropriate incentive system for Government of Bangladesh staff to motivate the implementation of development projects. In the absence of any special incentive in terms of emoluments and with very limited promotion and career prospects, there is very little motivation for the GOB officials engaged in aid management and project implementation. There are many pronouncements to reform the incentive systems but no concrete progress has been achieved in this direction.
>
> *Bangladesh evaluation*

In Development Partner agencies

Most of the Development Partners' suggest that they can muster some measure of each of the types of incentives listed above in support of implementation of the Paris Declaration in general and ownership as its guiding principle. The issue, and some of the significant differences among the agencies, lies in the degree to which these incentives are binding, especially in the face of incompatible or competing demands or disincentives. Thus the donor studies specifically identify the following as being among significant disincentives in their systems to supporting ownership:

- The pressure to show "maximum development for the money" is likely to run counter to partner country ownership;
- The pressures and habits of "supply driven programming" by donors are still a significant disincentive to proactive support of country ownership;
- There is failure to explicitly recognise, accept, and manage the risks in promoting greater country ownership;
- Very heavy demands on donor staff and systems in adjusting to more country-led aid are becoming a disincentive to further strengthening country ownership;
- There is pressure or responsibility to pursue non-developmental national objectives in aid programmes;
- The pressure to "get things done quickly" is always present;
- There is an over-reliance on expatriate technical assistance and seconded staff to execute and build capacity in programmes, which tends to undermine ownership;
- Unresolved questions exist about the legitimacy of ownership in a partner country, and how it should be assessed; and
- There is the danger of "mechanical" implementation of Paris, rather than allowing countries to adapt.

3.4 Conclusions: Is behaviour changing around ownership?

1. In all the countries examined, effective country ownership of development cooperation is reasonably strong, and has been reinforced to some degree by the use of the Paris Declaration. Political engagement and leadership in setting the terms of aid relationships is the most important factor in determining how much the country will exercise ownership in practice.

In four of the country evaluations, powerful political consensus and initiatives of the partner country governments following major political changes were clearly the prime driving force in changing behaviour to strengthen ownership of development cooperation well before 2005, and have remained so since. The level of political impetus is also found to be a key influence on behaviour in relation to ownership in the other four countries. Since the stakes, as stated in the Declaration, are the "exercise of effective leadership over development policies and strategies and coordination of development actions", they clearly go to the essence of political power within a country, and "donor-led" aid relationships became politically unacceptable.

2. Within national political and administrative systems in partner countries, competing interests and values also come into play in the exercise of ownership. In practice, ownership remains heavily weighted in favour of central players rather than sector or sub-national players (provincial and local authorities) even in subject areas that are supposed to be devolved. The ownership situation also varies across sectors, with the highly technical sectors remaining exclusively government-led, and with civil society and marginalised groups finding greater institutional space for partnership in cross-sector areas of cooperation and development.[3]

3. In all the cases of Development Partners' performance examined, the Paris Declaration provides a significant reinforcing influence and climate for change, but is not a decisive influence on its own. Three of the nine bilateral agencies examined can be said to have reshaped their culture, organisation and much of their behaviour to put country ownership first. The other six are found to be in various stages of acceptance and transformation, struggling with serious obstacles of quite diverse kinds. Two or three are found to need further fundamental changes, and/or an explicitly gradual approach to implementing Paris. The country evaluations generated inconclusive and some conflicting findings on the behaviour of multilateral agencies in general in relation to ownership. The two multilateral headquarters evaluations (supported by case studies in UNDG's case) each yield a picture of considerable and continuing cultural and organisational change to put ownership first, and document the particular hurdles they face in achieving the necessary organisational and behavioural changes.

Political and political/bureaucratic interests and values are evidently key factors in explaining the varied responses of the various bilateral donor agencies to the drive for greater country ownership. As official aid agencies, they are creatures of governments and must satisfy politically-determined objec-

3 The UNDG evaluation also suggests that this may be true of humanitarian assistance.

tives and follow politically-sanctioned procedures in the use of public resources. Their political objectives are shown to vary quite widely – some donors even report that they are able to present a leading role in aid effectiveness and supporting greater ownership by partner countries as significant benefits to their own countries. The fact remains that these are still political interests.

As in partner countries, the donors also confront a variety of competing interests and values at home. Some of the donor studies underline how other interests in aid programmes, beyond aid effectiveness, such as foreign policy or commercial considerations, remain important and must be taken into account. Moreover, the handling of relationships with partner countries and accounting for aid activities often triggers political issues within donor countries. One important underlying implication of these continuing political stakes for donor countries is the reminder that they all retain some levels and types of "ownership" for their aid programmes – albeit as "minority partners" behind the effective leadership of partner countries.

4. To remain useful in advancing the implementation of the Paris Declaration, the concept of ownership needs to be approached not as an absolute condition, but as a continuum or process. The Monitoring Survey's indicator on ownership relates to only one simple dimension of this complex picture.

While it is accepted as the most crucial single factor in aid effectiveness, country ownership remains notoriously difficult to define and measure, and in some cases becomes highly subjective and controversial. Approaching ownership analytically, as a process, may help to avoid it becoming a political football or receiving mere lip-service.

A substantial number of interlocutors in a clear majority of the Phase One Evaluation studies find difficulties in specifically defining the role for ownership and assessing implementation of this commitment. Nevertheless, the Paris Declaration's four sub-commitments on ownership go further in doing so than is sometimes recognised. As with a number of the other commitments, the Monitoring Survey indicator on ownership[4] is found in a number of studies to be a necessary but far from sufficient measure.

Moreover, and perhaps most importantly, the determination of "effective leadership" in development cooperation relationships is revealed to be intensely political and subjective, depending on the different perceptions and interests of different parties.

Almost all of the Development Partner studies note a broad political or philosophical acceptance of the objective of greater ownership at top levels in their agencies, and a majority of the studies demonstrate that policy and field staff does attempt to translate the commitment into practice in their design and implementation work with partner countries. In other words, even though the commitment is less tangible or more difficult to measure than some others, its pervasive importance does motivate donor personnel close to the action.

Not surprisingly, since it is such an over-arching, political and value-laden commitment, the implementation of ownership is used as a continuing "litmus test" of the effects of action related to the other, usually more tangible, areas of alignment, harmonisation, managing for results and mutual accountability, and in relation to all of a raft of measures that are supposed to support implementation. There are some apparent dangers in the use of such a crucial, but still subjective, standard in these ways. In spite of this, these studies suggest that the ownership dialogue to date has mostly remained measured and constructive among these parties to the declaration, and is also opening up to include other groups, for example in civil society.

II Alignment

> Donors base their overall support on partner countries' national development strategies, institutions and procedures.
>
> *The Paris Declaration*

The commitment to alignment encompasses the largest number of action areas and fifteen of the Declaration's 56 sub-commitments. The broad actions set out are as follows:

- Donors align with partners' strategies
- Donors use strengthened country systems
- Partner countries strengthen development capacity with support from donors
- Strengthen public financial management capacity
- Strengthen national procurement systems
- Untie aid, getting better value for money

Not all of these areas were equally covered by the evaluations, and the untying of aid, for example, is the subject of a separate thematic study. In line with some of the emphases in the Monitoring Surveys, the evaluations paid particular attention to the specific commitments around building reliable country systems; aligning aid flows with national priorities; coordinating support to strengthen capacity; using country systems;

4 To remind, this is Indicator 1: "At least 75% of partner countries have operational development strategies. (By 2010)"

avoiding parallel implementation structures; providing more predictable aid; and untying aid. Given the breadth and coverage of each of these topics in the evaluation, the treatment below will be broken down into the five main subjects covered under alignment, with overall conclusions on alignment at the end of this section of the report.

3.5 Overall appraisal

Development agency and partner country evaluations reveal that, despite clear commitments to alignment, implementation of the various components of alignment set out in the Paris Declaration has been highly uneven. Progress is more visible in aligning aid flows with national priorities, less so in using and building country systems, reducing parallel Project Implementation Units and coordinating support to strengthen capacity. Among bilateral Development Partners, there is limited reported evidence of significant changes in aid predictability and less on untying. As stressed in the earlier discussion of ownership, the leadership exercised by the host partner country is the prime determinant of how far and how fast alignment will proceed.

3.6 Donors align with partners' strategies

Emerging trends and events

There is abundant evidence, in both country and Development Partner evaluations, that donors are increasingly gearing their aid activities to countries' Poverty Reduction-type strategies, Medium Term Expenditure Plans, budgets, and national sector or thematic strategies. This picture includes clear indications of progress since 2005 and is noted in all the countries examined, although there is no simple way to assess or quantify the full extent of the trend. The patterns of action vary according to the contexts and systems of individual host countries and donor agencies – including how aid resources flow and are accounted for – and judgments differ on what constitutes satisfactory alignment.

It is also clear that even in the most advanced situations, these different strategies are not always clearly linked, internally consistent, or politically durable enough to channel aid flows to priority areas. Alignment at the relatively high level of policies and strategies is proving considerably easier than alignment at the operations and implementation level. There are gaps in the transformation of policy agreements into operational programmes and projects, particularly when sub-national and local government execution is increasingly involved. With respect to particular systems, even though there may be high level policy alignment (for example, in reporting aid in the national budget) the use of national systems at other levels (audit, procurement, monitoring and evaluation) is found to be less widespread.

> "Most donors have aligned their country programmes to the Socio-Economic Development Plan, or are in the process of doing so. However, alignment at this level is not a very onerous commitment, and has not involved any significant reorientation in donor programmes. Aligning at the sector level is a more difficult challenge, which depends on the state of planning and budgeting processes in the sectors, as well as on the quality of engagement by donors."
>
> *Vietnam Independent Monitoring Report*

> "Both the donors and the government are now asking themselves about the rhythm of changes and the levels of organisation needed to generalise the use of country systems."
>
> *Senegal evaluation*

> "To the extent that change processes demand more time, it is necessary to promote processes and not only results that are visible or measurable in less than two or three years."
>
> *Bolivia evaluation*

> "At the policy level, generally good alignment was found with UNDG members. UN Development Assistance Frameworks were prepared increasingly to coincide with the government's own planning period, facilitating period-specific alignment with government priorities and the often underlying Poverty Reduction Strategy Papers. Working groups (in some countries called technical groups) within UN Country Teams that cover different sectors and/or cross-cutting issues, provided many opportunities for alignment based on joint government-donor planning and programming, from strategy and action plan development to detailed activity level design."
>
> *UNDG evaluation*

Some significant progress has been reported on donor harmonisation, including Joint Assistance Strategies and joint formulation of country assistance strategies and procedures that are noted to have simplified the tasks of alignment in several of the countries examined. At the same time, major aspects of aid activity are still considered to fall outside the arrangements for alignment in most countries, including aid through non-governmental and even sector and sub-national government channels. Donor earmarking for special thematic interventions and cross-cutting initiatives remains common, even among donors that are highly-committed to the Paris Declaration objectives, and these are sometimes seen as "donor issues" that run counter to the commitment to alignment. This relates to the advocacy role that donors play in some countries in helping focus attention on issues such as gender equity, the environment and democratic governance. One country study specifically cites the challenges involved in reconciling priorities established separately through these

strategic processes and others arising from the Millennium Development Goals.

At a different level, there are suggestions in one donor study that some aid-dependent partner countries may be adjusting their strategies to conform to anticipated or known donor preferences. Also, most of the donor studies and some country studies point to the demanding new tasks and workloads involved in attempts to align to and use country systems. The skills required to help support alignment are different from traditional aid work, and yet personnel in many agencies are expected to carry on with the traditional work in addition to these new and different responsibilities.

There are indications that misalignment occurs when there is lack of continuity, or when there is institutional inertia, and at times when government changes take place in partner and donor countries.

Finally, as these strategic exercises have evolved, they are noted to have become more inclusive and representative, even though in all cases the participation of a range of stakeholders, particularly at the line ministry, sub-national, local and non-governmental levels, is still not considered adequate.

Influences on the behaviour of countries and Development Partners

Comparatively strong progress in this area of alignment can be attributed to the fact that there is relatively more experience and familiarity with policy and strategy alignment as a result of countries and Development Partners taking part in Poverty Reduction Strategy-type processes and other similar exercises, particularly during the last decade. Moreover, aligning at the policy and strategic levels is comparatively easier for many Development Partners than in other areas.

On the other hand, the large shares of aid that remain unaligned to country systems seem to be explained by a combination of several factors, at both the donor and partner country ends, and sometimes working together.

- Inertia is strong, encouraging donors to stay with existing channels, perceived areas of strength and long-standing project and programme partnerships;
- Although aligning to country priorities does not necessarily imply full use of country systems, donors' reservations about those priorities and systems can work against stronger alignment;
- Both donors and some of their partners within countries fear that much more time and effort will be required if alignment is pursued. While the time lags in traditional approaches are long, they are at least more familiar;
- Many donors' modes of operation and incentive systems are still dominated in practice by pressures to provide international inputs and maintain levels of disbursements.

Thus, especially where they have proven experience and available links to potential project and programme partners within a country, donors have strong inducements to maintain substantial activities that lie outside or parallel to the framework of national strategic priorities, and they are often asked to do so by those programme partners in countries.

3.7 Coordinating support to strengthen capacity

Emerging trends and events

Little information on *coordinated* support to strengthen capacity appeared in the evaluation reports, but many current and recent capacity-strengthening initiatives were identified. Moreover, many of these were evidently linked to countries' strategic priorities, and to the Paris Declaration's key concerns with strengthening public financial management capacity and national procurement systems.

> **"Uncoordinated capacity-building support leads to wasted resources in terms of the following:**
> - **Outputs/services delivered to clients especially, developed systems and processes/ manuals are not officially adopted and therefore not utilised. Reasons cited are: Delays in the approval processes and a dearth of enabling conditions (e.g. policy framework, logistics support, personnel counterpart etc.)**
> - **Confusing, overlapping, and duplicative technologies/systems being provided by consultants directly hired by donors. Donors, particularly the bilaterals, promote systems based on their respective country's experiences and advocacies.**
> - **Technical assistance that is abruptly stopped by the donor agency.**
>
> ***Philippines evaluation*** **"**

The lack of visibility and clarity around capacity-building efforts suggests a possible need for more systematic ways of collecting and processing information on the integrated capacity-building component of projects and programmes, including information on how pilot projects may assist in building capacity. Studies to register and evaluate capacity-building approaches incorporated in other programmes and projects would help to bridge this information gap.

The experience from different sides underlines the importance of some genuine dilemmas associated with technical assistance, tied aid and capacity development that defy simple or doctrinaire solutions. It is important to examine such dilemmas, to shed light on donor and partner country options.

3.8 Building reliable country systems and using country systems

Emerging trends and events

Current efforts to invest in more reliable country systems are

neither comprehensive nor systematic. Most donors are willing to invest in improving the reliability of country systems, while at the same time some are prepared to help by using them even if they are still imperfect. Most prominent are programmes in public financial management and in some stronger sectors.

Donors' use of country systems – in planning, financial management, procurement, disbursements, monitoring and evaluation, audit and reporting – is improving in a gradual and selective way, particularly in the areas of financial management, audit and, to a lesser extent, procurement. This is mostly the case in stronger sectors and with donors that decentralise their aid operations. Some donors now employ budget support modalities that make use of partner country financial management and audit systems. There are more instances reported of the use of national procurement systems, but less than a majority of the country studies believe would be justified.

Thus a mixed and complex picture emerges out of multilateral and bilateral practices with regard to the use of partner country systems, even in the samples included here. Such uses depend both on the realities and the perceptions of the rules prevailing in development agencies and partner countries.

Influences on the behaviour of countries and Development Partners

No matter how well developed the country systems and procedures – and some of those included among these studies are widely reputed to be among the most developed – it is noted that some donors are still reluctant and/or formally constrained in using country systems due to policies and restrictions imposed by their headquarters and continuing concerns about fiduciary risks.

Most donors claim they would go further in using partner country systems were those systems more up to international standards and more confidence-inspiring,[5] especially without the assurance of widely agreed and accepted global standards to assess national financial management and procurement systems. A bias against the use of national systems on the part of donors is attributed to perceived risks (of corruption in particular), fiduciary responsibilities and pressures to disburse funds more rapidly than those systems will allow. One of the country studies also broadly implies that continuing donor control of the systems is consistent with maintaining the bias toward use of the donor's own technologies and expertise under aid programmes.

> **Implementation by government of needed reforms in country systems (such as for procurement) has been slow largely due to inadequate capacity. These capacity constraints will remain a challenge as civil service reforms have not yet delivered terms and conditions that would retain the best staff in the public service, and reforms in administrative governance have not sufficiently tamed bureaucracy and corruption.**
>
> ***Uganda evaluation***

> **Notable Government of the Philippines' reforms in Public Financial Management have been progressively adopted across levels of government since 2002, and have had a positive impact on the transparency of the financial management system ... The low percentage use of the country's procurement system was quite bewildering.**
>
> ***Philippines evaluation***

> **The (UK) Department for International Development's rules permit the use of country systems where they offer reasonable fiduciary standards. Country offices are required to assess the fiduciary risks involved when choosing an aid modality, but can proceed with programmatic assistance despite known shortcomings, provided there is a credible process for strengthening the systems and the development benefits are shown to outweigh the fiduciary risk.**
>
> ***United Kingdom evaluation***

> **With regard to the reliability of [national] public finance management and procurement systems, there is the perception that even though these systems are reliable, it is necessary to advance further to respond to international parameters that would generate the required level of confidence in the [development] cooperation community.**
>
> ***Bolivia evaluation***

However, three of the Development Partners examined will explicitly accept the risks of using imperfect systems while simultaneously taking measures to strengthen them. Two others report that they provide different types and degrees of support to partner countries, including embedding experts in their executing agencies. A few Development Partners take the more exacting approach that the systems must be strengthened first, before assistance can flow through them. There is also the situation of two donors examined here with demonstrably high commitment in other aspects of the Paris Declaration, but with stringent home standards and concerns with minimising risks in the management of public funds that place tight limits on their reliance on partner country systems. Some multilateral donors' charter provisions limit their use of national systems (as is reported for the Asian Development Bank) while UNDP reports further strengthening its reliance on National Execution Modalities for procurement since the Paris Declaration.

5 This is in line with the general correlation noted in the 2006 Survey (albeit a weak one) and the claim is supported to some extent by evidence of greater channelling through the stronger sector and thematic strategies and structures.

On a more practical level, both Development Partners' reports, and a good number of country reports, also stress that delays and complications in many countries' national systems are frequently a strong practical reason for resorting to donors' systems. Not only is this efficiency cited as a transitional advantage in particular cases for country partners, but there are also suggestions that there may be continuing and longer-term benefits in using donors' systems for certain purposes.

Several studies weigh the advantages and disadvantages associated with the use of national systems, finding that much depends on the specific partner country setting and donor practices. While the use of national processes and procedures is to be favoured as a general rule, the coexistence of national and other systems (multilateral or bilateral) for programme and project execution can be advantageous. For example, the limitations of national systems may make it more convenient to use those of multilateral or bilateral agencies in some cases where procurement from international sources is involved and national systems may not have sufficient experience. At the level of more specific obstacles, lack of knowledge and capacity may impede the use of national systems when external assistance is provided through instruments, such as Sector Wide Approaches that are relatively new to the partner country.

3.9 Avoiding parallel implementation arrangements

Emerging trends and events

In addition to the call for positive measures to strengthen country capacity, the Paris Declaration aims at further strengthening by reducing the numbers of parallel project implementation units for aid-financed activities – in order to "strengthen capacity by avoiding parallel implementation systems". These units, set up in parallel to countries' regular systems, have long been criticised as side-stepping national systems in order to ensure better implementation of aid-financed activities, thus undermining efforts to strengthen the main systems. A few reports mention substantial reductions achieved or planned, but most reveal a very mixed picture. Moreover, in practice there is considerable confusion and controversy over what actually constitutes the "parallel" types of implementation arrangements discouraged by the Declaration. The Monitoring Survey has encountered this difficulty, and the application of its numerical targets for reducing parallel Project Implementation Units is noted as a subject of continuing debate in four of the country evaluations.

Influences on the behaviour of countries and Development Partners

Even when the definition of parallel project implementation units clearly applies, the evaluations note that phasing out existing arrangements, which would require breaking the many contracts involved, is considered to be extremely difficult without jeopardising the direction and momentum of activities. Even for new activities and in countries with relatively strong capacities, arguments are made from the country perspective for flexible and discerning approaches to implementation arrangements. Moreover, there are indications that some partner countries have on their own increased the number of independent Project Implementation Units, even while donors were reducing, suggesting a continuing need, and some powerful incentives, behind these flexible and tailored arrangements outside or within the mainstream administrative structures. Several country studies stress that there are good reasons for donors and partner countries to establish integrated Project Implementation Units, applying criteria that they consider most important. The key concerns are seen as avoiding parallel organisational and financial arrangements that undermine ownership or overload or divert partner country capacity.

Possible explanations in some evaluations indicate that Project Implementation Units operating with multilateral or bilateral rules may be preferable to similar national arrangements when trying to attract high-level professional staff, who may demand working conditions that are usually not accessible through national systems. Moreover, differences in the conditions and arrangements of support available through multilateral and bilateral agencies may influence the choice between using national systems, establishing a Project Implementation Unit or adopting intermediate options that combine features of both.

3.10 Providing more predictable aid and untying aid

With the notable exception of the New Zealand practice outlined in the quote below, development and country partner reports register little information on progress toward providing more predictable aid – except by the multilateral agencies. Even among the three agencies that are generally assessed as the strongest performers in the general implementation of the Paris Declaration, two acknowledge that they do not perform well on more predictable aid. Most of the bilateral agencies emphasise the seemingly-intractable legislative and financial obstacles to most donor countries being able to anticipate aid flows firmly and deliver projected amounts. Even when multi-year commitments are made, these are subject to the provision of annual budget appropriations by parliaments in several if not most countries, which may also restrict the ability of donors to deliver firm commitments on schedule. Four of the country studies report this unpredictability as a serious concern.

> **"NZAID's bilateral and regional programme funding in the Pacific and Global programmes are voted as two three-year multi-year appropriations. This provides NZAID and its partners with the flexibility to underspend either appropriation in any one year by up to 20% or to overspend by up to 10%. As a result, the pressure on programme managers and partners to expend budgets fully, and sometimes in haste, by the end of the financial year has dissipated. This has**

> made a very positive contribution to the incentive environment for implementation of the Paris Declaration commitments on ownership and alignment in particular.
>
> *New Zealand evaluation*

Multilateral agencies are better placed in this dimension of alignment, for they now usually work with multi-year allocation systems and rolling financial plans. However, in some cases limited country partner capacities and ability to use aid effectively are also held responsible for delays in the provision of multilateral and bilateral financing.

There is very limited reference to the untying of aid in either the Development Partner or country reports. It will be important to look to the evaluation's parallel thematic study of this subject to ensure adequate consideration of this important set of issues.

3.11 Conclusions: Is behaviour around alignment changing?

1. Donor implementation to date shows a pattern of wide support in principle for strategies at the high level of Poverty Reduction Strategies. In practice, the donors have been relying most on supporting those sector and thematic strategies and systems which are either demonstrably strongest, and/or most attuned to donor priorities.

There is broad political support both by partner countries and among development agencies for aligning aid flows with national priorities, usually expressed in both clear commitments and formal measures to follow partner countries' high-level development plans and strategies.

2. Evidence is more mixed at the level of actually changing aid allocations to provide backing for a strategic alignment with national priorities. Tangible political support and behaviour changes among donors are still scattered when it comes to other concrete changes, such as using and building reliable country systems, avoiding parallel implementation structures, providing more predictable aid and untying aid.

In some of these areas, particularly around the use of country systems and the reduction of parallel Project Implementation Units, experience by both countries and their Development Partners argues for some flexibility and tailoring of what are often being interpreted (in some cases wrongly) as blanket targets and indicators from the Paris Declaration.

3. Peer pressure is playing a continuing role at three levels – internationally, the strategic level nationally, and at the field representative level – in inducing donors to change their behaviour in order to strengthen alignment with partner country priorities, systems and procedures.

First, at the level of the Declaration itself and its frequent follow-up in a wide range of international forums and peer groupings (including the Development Assistance Committee of the OECD and the European Union), individual donor agencies are expected to be able to demonstrate progress. Second, at the strategic level in each partner country, strong governments clearly set the terms of engagement. At the same time, Consultative Groups[6], negotiations around support for poverty reduction strategies and other major strategic plans of partner countries (often now leading to Joint Assistance Strategies) are a source of considerable constructive peer pressure as well. Finally, as the evaluations for the current exercise highlight, Development Partner personnel on the ground tend to see the rationale for reforms more clearly than in headquarters, so their voice and feedback, when sufficiently empowered and heeded, can constitute a dynamic force for continuous improvement.[7]

4. Overall, on the donor side there emerges a picture of willingness and active commitment to engage in alignment processes at the level of formal commitments, but less so when moving to operational arenas. There is no evidence that donors lack the basic capacity to move forward along most of the various dimensions of alignment, but new transaction costs and different demands on staff skills and time may constrain engagement and require remedial steps, at least during a transitional period or perhaps even in the longer term. Few donors have specific incentives in place to achieve alignment, even though some of them have begun to evaluate staff performance using some criteria related to the Paris Declaration, including whether they promote some of the dimensions of alignment (e.g. coordinated capacity building) in their relations with other donors and partner countries.

5. Active and sustained country leadership, driven from the political level, is the most important single precondition for alignment to move forward beyond formal commitments.

When government officials and political leaders in the country are well informed, and there is a will to abide by Paris Declaration principles and practices, alignment moves beyond donors simply agreeing with partner country policies and strategies. It then filters down to the operational level of coordinating capacity-strengthening initiatives and of building and using country systems. However, there are no reported cases of partner country leadership being able to determine the predictability and untying of aid, possibly beyond simply refusing to accept certain forms of tied aid. Moreover, there are indications that partner countries in relatively weak situations (little capacity, aid dependence, fragile states) are frequently unable to exercise the leadership required to achieve alignment.

6. Efforts by most countries to strengthen national procedures and systems are not seen as giving sufficient assurance for

6 Or comparable high-level consultative bodies in some countries.

7 The Bolivia and Sri Lanka evaluations were less positive than others about the overall grasp of donors' field staff.

donors to rely upon them and not enough donors are ready to help strengthen these systems by actually using them, while managing any risks involved. Donors are ready to support further capacity strengthening.

The real and perceived risks and relative weaknesses of country systems are serious obstacles to further progress with alignment. The Paris Declaration's approach to working with the risks and relative weaknesses of country systems is explicitly to encourage greater effort to help strengthen national procedures and systems, and thus to discourage donors from reverting automatically to using their own systems when obstacles are encountered.

Some further reassurance and reinforcement should come from efforts underway to define and apply international standards or assessment tools in the fields of financial management and procurement, both of which will help in reducing reservations around the use of partner country systems. This has already been the case with widely accepted auditing practices. Further training of donor agency staff on adapting management practices to support Paris Declaration principles should also help.

III Harmonisation

> Donors' actions are more harmonised, transparent and collectively effective.
>
> *The Paris Declaration*

The main measures of harmonisation of development cooperation identified in the Paris Declaration – including implementing common arrangements, simplifying procedures, and a more effective division of labour – were already highlighted in the Rome Declaration in 2003. Thus they have had a longer period of concerted effort and testing than some other aspects of the Declaration. The country evaluations examined implementation of these measures and, tracking with the monitoring indicators, looked as well at the implementation of more specific harmonisation commitments for Development Partners to conduct joint missions and share analysis.

3.12 Overall appraisal

The evaluations suggest a continuing high level of commitment in principle to harmonisation measures by Development Partners and host governments. This is accompanied, at the same time, by a very mixed picture of practical commitment and follow-through in relation to different types of harmonisation measures among different groups of Development Partners.

3.13 Emerging trends and events

"Common arrangements or procedures" are widely treated as the most important tangible evidence of harmonisation, and the Monitoring Survey's indicator on the "percentage of aid provided as programme-based approaches"[8] has intensified this emphasis. In the evaluations, these arrangements are largely identified with direct (general or sector) budget support, Sector Wide Approach programmes and other arrangements meeting the criteria of joint planning and harmonisation of procedures. The evaluations show that these arrangements are growing and spreading slowly, and that support remains mixed. One interesting trend in a number of countries is toward harmonised, basket funds for support to civil society, usually with indigenous management and governance structures drawn from the sector itself.

At the same time, implementing the Paris Declaration's target for the growing use of common arrangements is emerging as one of the most prominent and most debated challenges noted in the evaluations. Although budget support is not specifically promoted in the Declaration, a clear majority of the Development Partner evaluations report that a major preoccupation in political and public understanding of the Declaration, and in managing their programmes, is whether and under what conditions such support is appropriate. As the evaluation for France reports, "The main fear expressed about the application of the Paris Declaration is that it is reduced only to budget support, and does not take account of other tools and modalities".

> **"Complementarity of European Union donors is a long-debated issue within the European Union (EU) with relatively few results until now. In May 2007, a code of conduct was agreed by the EU Council of Ministers. The document makes explicit reference to the Paris Declaration and outlines eleven principles on how to coordinate among donors. EU donors should have a maximum engagement per country in three sectors – and not more than five EU donors should engage in any partner country.**
>
> *Germany evaluation*

8 In summary, "programme-based approaches" are defined as "development cooperation based on principles of coordinated support for a locally owned programme of development, such as a national development strategy, a sector or thematic programme, or a programme of a specific organisation". These approaches share the features of: Host leadership; formalised coordination and harmonisation of donor procedures; a single programme and budget framework; and built-in efforts to increase the use of local systems. Reflecting the complexity and sensitivity of some of these criteria, they are further defined in footnote 9 to Annex 1 of the Declaration.

> The European Code of Conduct is probably the main source of impetus toward harmonisation among the Member States of the European Union.
>
> *France evaluation*

The actual and potential harmonising roles of multilateral agencies and their assistance were registered as contributions to harmonisation, receiving mention in both the Asian Development Bank and UNDG evaluations. Among bilateral agencies and partner countries, the well-known Mozambique G19 model is cited in the studies as having a significant disciplining effect in favour of coordinated action. Special harmonisation tools have been developed and introduced in AIDS programming (the Country Harmonisation and Alignment Tool). In their region, New Zealand and Australia have ventured into a fully harmonised country programme in Samoa and a delegated cooperation arrangement with the Cook Islands, and the evaluations report a good number of other instances. They also document continuing challenges in agreeing and moving forward on other common arrangements. One donor study also specifically notes some of the related benefits, in this case related to work on gender.

Close to half of the Development Partner agencies examined claims that they face serious formal restrictions, de facto political vetoes, and/or major institutional obstacles to entering into many such common arrangements. Even those agencies that had been at the forefront of using common arrangements do not report any marked acceleration in their use, and a period of consolidating experience may be underway. Nonetheless, the model and pressure of experience before and especially since the Paris Declaration is acknowledged as helping widen these arrangements. Delegated cooperation or "silent partner" and "lead donor" arrangements are not reported as a strongly expanding trend. One donor study raises the concern that more progress needs to be made in pooling international technical assistance, even though this was not specifically encouraged in the Declaration.

Meanwhile, different types of harmonisation problems *within* the complex systems of three of the donor countries and institutions themselves were highlighted as a continuing major challenge, seriously limiting and complicating their opportunities for harmonisation with other donors and partner countries.

Among the partner countries examined or cited as case studies, estimates vary widely as to the trends and shares of assistance they are receiving that are covered by adequate or higher levels of "common arrangements and simplified procedures". Even with the long pre-Paris experience and relatively strong capacities of five of the countries studied, project modalities remain widely prevalent. In some but not all cases they are still assessed as burdensome. Parallel, rather than joint, financing is still often favoured, diluting the benefits of simplified procedures and reduced transaction costs.

One notable feature emerging from several partner country evaluations is that they are not vigorously pressing for the further expansion of these common arrangements. In some cases, quite fundamental concerns are being raised about some possible unintended negative effects on ownership. One country study stated that reliance on general budget support was being re-considered because of recent threats by some donors to use it not only as a "carrot" for good governance, but also a "stick" for poor governance (political or administrative). In other cases, the concerns registered are more practical, related to the fact that traditional project approaches are more familiar and thus seen as easier to use.

Another quite striking finding in half of the country evaluations is that their authorities have been taking a "hands-off" or even a guarded approach to some of the arrangements being made for greater harmonisation and "division of labour" among donors. This ambivalence is evident within and beyond the governments and agencies involved, as well as in their respective civil societies. Sector concentration is accepted as an objective, but proves difficult to implement and is not necessarily underpinned by the necessary consultation for division of labour. Studies to date report both instances of serious measures to focus and improve division of labour (e.g. through Joint Assistance Strategies) and continuing inertia and counter-pressures to maintain a wider range of traditional engagements and links and be reluctant to phase out or abstain from involvement. Significantly, both country and donor evaluations recognise that negotiations over division of labour and "silent partnerships" can become highly contentious, with some donors taking hard positions on their "comparative advantages" or overhead costs.

Most of the evaluations include relatively limited coverage of the implementation of the commitments to conducting joint missions and sharing analysis, although a minority record significant progress, while some others raise questions about the interpretation, tracking and reporting on these fronts. None of the evaluations report backsliding in respect to these commitments.

3.14 Influences on the behaviour of countries and Development Partners

A majority of the donor evaluations state prominently that increased demands on time and staff resources, particularly in the field, are significant disincentives to further harmonisation measures. In one study this is explicitly seen as a short run or transitional efficiency loss, while others are not clear on whether these costs are expected to be more enduring. The country studies, on the other hand, do not record any pronounced concerns with the resource and time demands involved in shifting to or managing harmonised aid.

> NZAID participation in Sector Wide Approaches (SWAp) or SWAp-like approaches seemed to increase the opportunities for policy dialogue and for engagement at the strategic level, even if it decreased its control over activity implementation.
>
> *New Zealand evaluation*

> Within a Sector Wide Approach aimed at increasing the coherence between policies, expenditures and real results, the Netherlands, Sweden and Denmark assign resources to the National Government through a basket of funds mechanism that is executed under national norms [and systems] so as to harmonise donor systems.
>
> *Bolivia evaluation*

> … there is a perception at field level that HQ wants visibility especially on cross-cutting issues, because it facilitates accountability to the interest groups at home. This, however, pushes towards project-type aid modalities, where visibility is higher as results can be more easily attributed to a specific well-targeted intervention; hence a potential conflict with the harmonisation agenda.
>
> *Denmark evaluation*

> Even where the Agency is involved in Sector Wide approaches (SWAps), the reality can be quite different with the so-called SWAps sometimes actually being a collection of "projects" rather than a genuine pooling of funds, or a way of channeling money through the World Bank rather than the partner government's systems.
>
> *Australia evaluation*

> Not all the developments [towards harmonisation] are considered to be positive. Donors forging partnerships amongst themselves may undermine the position of the government, which is often weak already.
>
> *Netherlands evaluation*

Both country and donor evaluations affirm that there are definite limits on how far harmonisation can be advanced at the country level – i.e. without at least agreement and enabling support from donor headquarters. Underlying the reluctance found in some systems there may be fixed or very firm national accountability requirements, without sufficient political concern or confidence in development cooperation to adjust these requirements. Another prime obstacle cited is the need to maintain direct visibility and credit for individual donors' contributions, rather than risk losing sight of them in pooled activities.

The evidence in these evaluations drives home that *host country commitment* in the forms of initiative, leadership, or at least strong influence, is an important factor behind many successful common arrangements (such as programme-based approaches) and other harmonisation measures. Going further, three of the countries examined have taken a clear and explicit position that the thoroughgoing alignment of donors with their country systems should be the driver and guide to harmonisation.

Harmonised approaches by donors are cited as having raised concerns about the potential for "ganging up" on the partner countries. The "division of labour" among donors is seen in some countries as an important decision that needs to safeguard the partner country's freedom of choice and the principle of responsiveness to partner country preferences. Echoes of this concern are also found in several of the donor studies.

Another reason cited for ambivalence about harmonisation in partner countries is that governments, line ministries, agencies, sub-national authorities and non-governmental organisations have in many cases become familiar with and dependent on programme and project arrangements with individual donors. Moving away from this base, with uncertain prospects for the new alternatives, is clearly daunting. It is not surprising that many show ambivalence or reluctance about plunging into new pooled and programme-based arrangements or concentration or division of labour by donors, which could detach them from traditionally strong supporters. As specifically noted in one donor evaluation, such established interests in programmes or projects at the partner end will often have their counterpart interests at the donor end, which may also be resistant to change, and may argue that there are compelling interests in maintaining their past links.

For such harmonisation measures as "sharing analyses and conducting joint missions", which might initially appear relatively easy and straightforward to implement, the evaluations show that in practice moving even a relatively few cases forward has proved slow and difficult. Successful examples have demanded a high level of sustained commitment and effort on the part of the donors and partner countries involved, to push through the practical changes required to get beyond ingrained national or institutional requirements. In other cases, the evaluations report country problems in defining, with donors, what constitute missions. The resort to "mission-free" periods – during which countries are spared the disruptive demands of visiting donor missions – is still proving necessary. As with harmonisation more broadly, the experience shows that the most satisfactory experience with implementing shared analytical work has come when the partner country itself either conducts or coordinates the required analytical work and the work of donors is integrated into it.

3.15 Conclusions: Is behaviour changing around the harmonisation of aid?

1. The evaluations do not suggest any backsliding on harmonisation, but nor do they indicate any overall trend of progress,

with the exception that the European Union Code of Conduct of 2007 is seen to have strong potential to bring further harmonisation.

The evaluations do offer more insights into the reasons for action and inaction of donors and partners on the different issues involved in harmonisation. As in other areas, the indicators selected for monitoring the harmonisation commitments were found to be of little, and only very partial, help in the evaluations' overall assessments of implementation.

2. The responsibility for changes to implement harmonisation goals falls primarily on donors. At the same time, the evaluations make clear that, as in other areas, leadership, initiative and support from host partner countries are important, and often indispensable, factors for progress.

Limited capacities for these tasks in some partner country systems are cited as an obstacle to further progress, so that investment in developing capacity in related areas strengthens the base for further harmonisation. Given the donor evaluations' documented concerns about heavy new resource demands on their staff to carry out this work, capacity strengthening or transformation is also required in the donors' own systems.

3. Debates about the particular instrument of budget support – especially in some countries and circles where that mechanism is so controversial – run the risk of overshadowing the broader harmonisation agenda and diverting attention from a number of achievements and other harmonisation needs and commitments spelt out in the Declaration.

The efficiency and effectiveness cases for the benefits of harmonisation and pooling of effort in many of the other areas could be very helpful in enlisting wider public and political understanding and support for implementing the Declaration. Given the uneven progress being achieved with common arrangements and simplified procedures, sharing and replicating relevant good practice is seen as a high priority.

4. Basic issues of confidence need to be satisfied for harmonisation to meet expectations. This is the case even for those donors who do not have to overcome "harmonisation" problems within their own systems, major formal restrictions on entering into harmonised arrangements, or strong pressures for direct visibility and accountability for their own aid.

While commitment to harmonisation goals is needed to open the door, trust in other donors' and partners' systems – best built through the experience of working together – is even more important in leading to concrete actions.

Not surprisingly, some of the more advanced measures of harmonisation reported among donors are among the relatively like-minded members of the Nordic-plus group, who have long experience of working together. Among wider groups of donors, the record is much more mixed. For example, the widespread practice of parallel, rather than pooled, financing for programme-based approaches can be seen as evidence of donors "hedging their bets" on the integrity and likely success of the measures or as an intermediate step, where systems are not yet considered strong enough.

5. Finally, some findings in these evaluations suggest strongly that the role and importance of harmonisation within the Paris Declaration agenda may be changing, particularly in taking second place to the drive for greater alignment with country systems.

A number of studies of strong partner countries show that they have already followed this course and both country and donor studies directly suggest that some measures of harmonisation and division of labour, without strong country engagement and leadership, can even work against alignment and country ownership.

IV Managing for Results

> Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making.
>
> *The Paris Declaration*

3.16 Overall appraisal

Among the five commitments, almost all the evaluations find that relatively little progress is being reported on implementation of the commitments on "managing for development results" in comparison with issues of alignment, harmonisation, or ownership. Several explanations are suggested, including the fact that these three latter concepts have been familiar in the effectiveness discussion for much longer, and thus that there may simply be a question of "maturation" of the two newer sets of issues. The analysis from the evaluations may help suggest some other explanations and ways ahead.

3.17 Emerging trends and events

The evaluations report and reflect a prevalent tendency to overlook or under-emphasise the "managing for results" plank

in the Paris Declaration, with the main emphasis being on ownership, alignment and harmonisation.

Survey responses report that only in a minority of the countries covered were national strategies and programmes monitored and linked to budgets. Consistent with this, donors' reliance on countries' results-oriented and monitoring frameworks is reported to be the exception, not the rule.

A number of country reports, however, included indications of strong progress in particular areas and ambitious near-term plans to launch and firmly root strong national systems. A good case can be made that there may actually be under-reporting on managing for results due to a lack of clarity of the concept, unclear definitions, and understanding. It is clear that progress is generally stronger at the sector level, but that the move to national level is challenging. There are also difficulties in finding common ground on indicators, data sources and use of national systems.

The evaluations' implicit standard for assessment in this area appears to have been the Monitoring Survey's indicator of "countries with transparent and monitorable performance assessment frameworks to assess progress against (a.) the national development strategies and (b.) sector programmes". Taking a literal approach to such a standard – which would be demanding for most industrialised countries – very few partner countries are found to yet have quality results-oriented strategies, and progress since 2005 is generally assessed here as being gradual and modest. It should be noted in this regard that the partner countries evaluated include some with relatively long and advanced experience.[9] Although managing for results is gaining in importance in other partner countries, results-based monitoring is still assessed to be the weakest link in the overall national governance systems of many countries, and budgeting, financial reporting and auditing remain discrete exercises. The systems of many countries remain focused on inputs and compliance issues and are only gradually moving to measure output.

> **Harmonisation, ownership and alignment are the Paris Declaration principles where the advances described here are to be found. The principles of managing for results and mutual accountability are more innovative ones.**
>
> *France evaluation*

> **The reality, however, is that many Pacific partner countries are still struggling to improve national and sector planning and budgeting processes. This is not only a barrier to partners exercising more meaningful ownership, but it is also a prerequisite for the development of meaningful results frameworks.**
>
> *New Zealand evaluation*

> **The embassies encounter a range of issues regarding managing for results, most of them related to weak capacity at the national level and hesitation from donors due to institutional, political, procedural and motivational circumstances.**
>
> *Netherlands evaluation*

> **Donors continue to rely on their own monitoring and evaluation systems due to weak and fragmented country monitoring and evaluation systems, despite commitments to support countries in strengthening their systems. Helping build national statistical capacities is seen as a key requirement.**
>
> *UNDG evaluation*

Almost all donors seem to be engaged in some sort of capacity development assistance that should strengthen managing for results – be it support for development of statistics, help in developing results frameworks, or the introduction of a "results culture" – but these efforts appear piecemeal and often tied to the specific needs or areas of intervention of donors.

Significantly, the indicator for this commitment only concerns partner countries' systems, but a good number of the donor evaluations document their own efforts and continuing challenges in strengthening their own performance management frameworks, methodological guides, training, and staff awareness. The actual and potential links between countries' and donors' systems is a key issue for real partnership on these issues. It was not, however, clearly spelled out in the terms of reference and therefore was not covered comprehensively in the reports.

Some countries have reported considering applying performance-based allocations, but recognise serious concerns about some possible perverse impacts. It is noted that many donors are under pressure to report on outcomes, yet also that systems and statistics in partner countries are not geared to provide reliable reporting at this level, which is why donors' set up their own reporting systems. As one positive trend, more joint evaluations are reported in several studies.

There are clear indications in several studies of the pressure faced by donor agencies to report on results – from parliaments, ministries of finance, auditors general and the media. However, the interest is often focused on results in specific areas where there are strong domestic constituencies (gender or human rights for example) and a wish for direct attribution to the donor's own efforts.

9 Uganda is a prominent example of such a country, and the evaluation documents the process and progress since 1999, when the government started tracking implementation of the Poverty Eradication Action Plan, and by 2004 had a results and policy matrix with 54 outcome indicators. Independent evaluation of the use of these results in Uganda is now underway.

3.18 Influences on the behaviour of countries and Development Partners

The reasons brought out in the evaluations for slow progress in implementing the commitment to managing for results include not only the fact that it is a relatively new and unfamiliar challenge, but also that it is a very difficult one to master in many fields. This is amply evidenced by the struggles reported by some of the partner agencies themselves, and their own governments, when they admit that the clarity of certain indicators and conceptual understandings are still internally debated issues.

Furthermore, some difficult technical issues arise: In the case of new aid modalities such as general budget support, it is extremely difficult to measure and attribute results. In more classic modalities, a lack of clarity about the level at which results are to be defined leads to confusion about assessing how externally supported interventions should contribute to the development objectives. One country evaluation records that when looking together at medium-term expenditure frameworks, donors and the government seem frequently to be in discussion about indicators. Furthermore, results cannot always be captured in "hard" data. There is a danger of a fixation on available data at the cost of dialogue and monitoring on genuine policy priorities.

Some of the evaluations report a measure of resistance among some partner countries to still unfamiliar schemes of managing by results, apparently unconvinced of their feasibility and/or usefulness in relation to other day-to-day priorities. The weakness of statistical reporting is also a key issue, but is said to be improving in some countries, including through long-term capacity building by donors. Taking the next step, to actually using statistical data as a basis for better decisions, often remains difficult.

At the same time, evaluations highlighted the differences in performance, with some sectors and some countries showing much faster progress. Experience from two country evaluations emphasised the importance of leadership in the country to establish quality systems and use the information for decision-making as well as transparency around results.

> "[In Uganda] Credit is given to the government for including a results and policy matrix in the 2004 Poverty Eradication Action Plan (PEAP) which specifies targets for key outcomes and therefore provides a framework for Development Partners to align their interventions with the country's development strategy and targets. However, the PEAP matrix, whilst drawing in annualised policy actions as intermediate measures of performance, has not managed to effectively operationalise or link these intermediate measures to sector work plans. Hence there remains something of a de-link between ongoing performance and the outcome statements and measures recorded. Given the annual nature of some of the instruments that provide financial support for PEAP implementation, such as the Poverty Reduction Strategy Credit of the World Bank, performance-related indicators that trigger disbursements may not be connected to outcomes in the results matrix, thus introducing a disconnect between the results matrix and the basis for resource flow.
>
> On paper, sector strategies are rooted in the PEAP, which also forms the basis for the Medium Term Expenditure Framework (MTEF) – a rolling three-year framework within which resources (from both the Government of Uganda and Development Partners) are allocated to sectors. The MTEF also provides a mechanism for translating policy pledges deriving from the PEAP into budgetary commitments.
>
> *Uganda evaluation*

> The UK Department for International Development (DFID) has developed a Results Action Plan (RAP) in response to the Monterrey Consensus and the Paris Declaration, as well as the requirements of the 2005 White Paper and the International Development (Reporting and Transparency) Act. The RAP notes that DFID needs to improve the availability and quality of information throughout the results chain (inputs, outputs, outcome and impact), and "establish DFID both as a model of good practice and as a driver of reform across the whole development system".
>
> *United Kingdom evaluation* "

Many donors are reported to be caught in a difficult situation, facing pressure to report on results under their own systems, but unable to count on sufficiently robust country systems as a basis. They are also conscious that there are limits to how hard they can or should be pushing for improvement of country systems. In such situations, they sometimes find themselves forced to resort to parallel systems of their own, which can set back their own Paris commitments to link and align to the country performance assessment frameworks and thus help strengthen them. Further, the need for reporting to specific constituencies on specific issues to some extent shapes the design of donors' results-based management systems. This will not necessarily match with the partner country's often fledgling systems, and donors are cautioned in the Paris Declaration not to request the introduction of such indicators.

In terms of direct incentives, donor personnel are generally committed to the Paris Declaration, but their performance is often measured in terms of their own corporate results

frameworks, sometimes coming back to the delivery of inputs or outputs – i.e. short term results. This can jeopardise capacity building, and lead to behaviour that is not in line with Paris principles.

3.19 Conclusions: Is behaviour changing around managing for results?

1. Many of the country and Development Partner evaluations have documented and helped explain the relative lack of attention and progress recorded in implementing the Paris commitment toward managing for results. The evaluations are virtually unanimous that progress is slow toward meeting the Monitoring Survey test for what partner countries need to do.

2. At the same time, the evaluations also refocus attention on the Declaration's other concerns about what donors need to do to gear their own systems and their active support to more effective country systems. Given the weak capacity in this area, it may not be surprising that the existence of multiple and different results frameworks on both sides is seen as a constraint to progress.

3. More encouragingly, the situation reported in Uganda in particular demonstrates that where information and platforms for participation exist, it is easier for Development Partners to make further progress in terms of meeting their own part of the Paris commitments for the better management of aid for results.

The Uganda experience suggests that donors will indeed contribute to promote a culture of evidence-based management across the government, and will use government systems and data. Although the system is not yet sufficiently developed so that it can provide the data necessary for donors to monitor their own strategies, progress has been made both in terms of collecting and using expenditure tracking studies, which has impacted on decisions. Also the Medium Term Expenditure Framework (MTEF) now guides funding decisions to the point that, for example, Uganda's Parliament has rejected projects outside MTEF. Even in such strong systems, problems persist in such areas as linking sector and national level frameworks and synchronising results reporting and performance-based resource allocations.

4. Finally, the recognition that some significant actions by partner countries in managing for results may in fact be under-reported suggests that there are also problems in the ways in which the requirements to fulfil these particular commitments are being presented and/or understood.

Some findings point to the importance of making these systems for results clearer, more robust and "user-friendly", as a basis for mobilising and sustaining support for poverty reduction strategies themselves. Where data collection and analysis by national institutions are weak and data cannot be disaggregated, analysis of the aid and development effectiveness at the level of specific segments of society becomes more elusive.

V Mutual Accountability

Donors and partners are accountable for development results:
"A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance."
The Paris Declaration

3.20 Overall appraisal

On the surface, mutual accountability is the area of thinnest reporting and progress registered in the evaluations. The coverage in the evaluations might suggest that the arrangements for ensuring mutual accountability are even less advanced and slower to develop than work on managing for results. Some of the evaluations argue that this commitment is less understandable than others, but the sensitivity surrounding it is also likely to be a factor in many cases. Deeper analysis of the evaluations shows that, although they all view mutual accountability as a complex puzzle, more pieces of the solution are actually at hand than is generally assumed. In fact, they are already being used to varying degrees, and could be better harnessed to fulfil this commitment, which is so fundamental to the credibility of the Declaration.

3.21 Emerging trends or events

Part of the explanation for the sparse progress recorded on this commitment area is that a number of the evaluations have focused on the monitoring indicator's target for "all partner countries to have mutual review mechanisms in place". Even there, it should be noted, some of the studies explicitly contest the Monitoring Survey's negative findings regarding such mechanisms. Further, the evaluations do detail quite a wide range of existing and evolving mechanisms for mutual review at various levels, which make contributions toward fulfilling this commitment.

The criteria for mutual accountability:
Most importantly, a number of the evaluations underscore the *other key dimensions* of the mutual accountability commitment in the Paris Declaration, which are to a great extent seen as *prerequisite conditions* for the joint commitment to mutual review. The other three commitments are these:

a. Partner countries' commitment to strengthen the parliamentary role in strategies and/or budgets;
b. Partner countries' commitment to reinforce participatory approaches in formulating and assessing progress in strategies; and
c. Donors' commitment to provide timely, transparent and comprehensive information on aid flows to enable partner countries to report fully on budgets to their legislatures and citizens.

Commitments a. and b. above, which are key provisions for partner countries' accountability to their own parliaments and publics, are in fact assessed in all the evaluation reports, although usually under other headings. In all the partner country studies completed for this evaluation, these provisions are assessed as either firmly established or being substantially upgraded. In one case, these domestic accountability mechanisms, being fully transparent and in the public domain, are considered in themselves to constitute the main basis for countries' mutual accountability with donors. The wider range of country situations drawn upon in the donor evaluations almost certainly includes many countries with much weaker records in relation to these domestic commitments, which obviously has important effects on the ways in which mutual accountability can function in those countries.

With respect to *commitment c.* above, many if not most of the evaluations in both groups report (sometimes in their alignment chapters) on the continuing serious difficulties involved in securing and providing timely, transparent and comprehensive information on aid flows that enable partner countries to report fully on budgets to their legislature and citizens. This basic contribution by donors to mutual accountability is widely found to be missing or inadequate, even in relatively strong systems. Just as in partner countries, donors' own systems and practices of transparency and accountability to their own parliaments and publics are vital underpinnings of mutual accountability, and some of these are noted in the evaluations to be wanting.

Finally, the *commitment to joint review* in its full terms is: "To jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments." Some or all of the following types of mechanisms are noted in the various country evaluations, sometimes in different forms, together with many other more specific or narrow mechanisms.

Mechanisms for Mutual Assessment of Progress

i. Annual (usually) consultations around major national strategies: Development strategies; programmes of action; poverty reduction strategies (including for example the Bangladesh accountability forum);
ii. Dedicated comprehensive mutual review mechanisms such as the Independent Monitoring Team in Vietnam, a wide-ranging mechanism in the Philippines, or the task force to monitor the Harmonisation Action Plan in Bangladesh;
iii. Consultative Groups, Round Tables or their equivalents where they exist;
iv. Consultations on Joint Assistance Strategies where these exist;
v. Joint reviews of sector strategies and sector or other major funding programmes; and
vi. Inclusive "cluster forums" – discussing clusters of linked activities cutting across departments and sectors were also proposed for consideration.

Given the large number of functioning mechanisms identified in the country studies for this evaluation, the question arises as to whether any problems that exist lie more in the content, quality and mutuality of accountability rather than in any lack of platforms. As outlined in the box above, there are evidently a good many platforms and opportunities where these could be more strongly used for mutual accountability. In one case, interest is expressed in the possibility of a more comprehensive joint review platform, and two other evaluations remarked on the need for re-energising the engagement in some of these mechanisms. The faint or pessimistic reading on mutual accountability reported in many of the donor evaluations needs to be tempered by this picture that is more promising, at least with respect to partner countries' measures to improve transparency and consultation.

> **"Systems for recording and reporting aid need to be strengthened both within government and among the Development Partners, in order to achieve quality and timeliness.**
>
> ***Uganda evaluation***

> **Mutual accountability should be built around public accountability. In this regard the submission of Fiscal Management Reports (FMR) to Parliament in terms of the Fiscal Management (Responsibility) Act, No. 3 of 2003 constitutes a significant step in government's fiscal accountability. The FMR for 2008 incorporates a section on foreign assistance setting out, inter alia, information on aid disbursements, new aid commitments, aid commitments and utilisation, debt servicing etc.**
>
> ***Sri Lanka evaluation***

> **The feedback from the [UNDG] country case studies suggests that there is a long way to go to achieve the Paris Declaration objective of mutual accountability and joint assessments of**

> mutual progress in implementing agreed commitment on aid effectiveness.
>
> *UNDG evaluation*

> DFID is entering into [ten-year] Development Partnership Arrangements (DPAs) with bilateral partners, setting out the UK's long-term commitments, including for the delivery of more predictable and better aid. DPAs also specify the conditions on which UK aid may be suspended (e.g., human rights violations), and are intended to support transparency, predictability and mutual accountability.
>
> *United Kingdom evaluation*

3.22 Performance information and capacity for mutual accountability

In fact, several of the evaluations from both groups emphasise the fundamental importance of improved systems for managing for results and performance information as a basis for serious exchanges and mutual accountability. If this base is absent or weak, discussions of partners' performance against their respective commitments can only take place at the most general or anecdotal levels, and clearly risk becoming ritualistic and frustrating.

Some of the more substantive and reputedly satisfactory mutual accountability relationships – which may well be over-represented in the countries examined here – clearly build on relatively strong systems of managing for results and performance information, which primarily serve as the base for the stronger domestic accountability and consultation.

Several donors report activities to help build capacity in this field. However, as with managing for results, it is a perceived weakness that different donors tend to introduce ad hoc capacity-building initiatives. Once again, there may be a need for consolidation and better planning, led by the countries concerned. One example of a "consolidated approach" is the Joint Programme for Harmonisation to increase the capacity of the Vietnamese Ministry of Planning. Another example at the international level is the establishment of a multi-donor fund to provide support to enhance the statistical capacity of partner countries coming out of the Hanoi Round Table on Development Results held early in 2007. The thematic study on statistical capacity building for this evaluation should also yield important insights and guidance.

Evaluations

Evaluations have been raised as an accountability mechanism, but this also poses the crucial question: "Accountability to whom?" One of the country studies cited an emerging demand for evaluations to be conducted outside government and donor structures, with a view to the overarching accountability to civil society. Accountability between donors and partner countries is reflected in an increasing number of joint evaluations. These are generally seen as of better quality and more useful due to the shared ownership, although some see a risk of bias due to limits on independence. A third innovative type of evaluation has been cited by UNIFEM, which has pioneered multi-stakeholder gender equality evaluations involving a number of donors and national partners. This evaluation is also an example of a joint evaluation for mutual accountability.

The Monitoring Surveys

Obviously, the Paris Declaration's own system of Monitoring Surveys is intended to serve as a major and integral source of information for mutual accountability on implementation. With substantial investments of expertise and resources, and major challenges of many kinds to overcome, this system was built into the Declaration process from the outset and has continued to be applied and strengthened. Together, the evaluations contain literally hundreds of references to the survey and its individual indicators, both in numerous direct citations of performance registered in relation to the indicators, and in many objections to and reservations about them. The conduct and response to the Monitoring Survey must therefore be ranked as a major trend in the implementation of the Declaration as a whole and in shaping the base and climate for implementing mutual accountability.

3.23 Influences on the behaviour of countries and Development Partners

Confusion and controversy

Several possible explanations can be inferred for the relative lack of coverage and progress reported on mutual accountability. A number of the evaluations suggest that because it is more recent, has not been operationalised, and has been the subject of only limited knowledge sharing, it is less understandable than other commitments. A second possible explanation reflects both possible lack of clarity and also a major political sensitivity.

Some reports show the differences of understanding or focus, especially in terms of the questions "accountability to whom and for what?" Discussion in some of the reports shows that it is not clear whether the focus is on mutual accountability between partner countries and donor governments for implementation of their Paris commitments, or on the accountability of partner country governments to their populations for results?

The information and accountability base

Regarding the shortcomings on the donors' commitments – to provide the necessary information and be accountable for their own performance under the partnership commitments – at least two influences are seen to be at work. With respect to providing full information on aid flows, the same national budgetary rigidities and disconnects (for example on reporting years) that arise in relation to assuring predictable aid flows make this a difficult task. This is especially the case when it is dictated by legislation or fixed regulations. Nonetheless, given the fundamental importance of this requirement to informed accountability for the whole Paris Declaration package, one country evaluation explicitly raises the continuing

failure of donors to find satisfactory solutions as a question of good faith and will to comply.

On the partner country side, the slow progress (and limited capacity and/or commitment) of many countries in building stronger results management and performance information systems (with Development Partner support) is not only a concern in managing for results, but impedes the development of more substantive arrangements for improved accountability. Put more positively, the value of good results frameworks for accountability is highlighted in the Uganda case and acknowledged in others. There can be little meaningful accountability if there is no transparent results information. At the international level, the work of the joint venture on managing for development results should be a helpful input. Tempering this is a concern with a risk of "overkill" or bureaucratisation. It needs to be kept clear who has to report for what, and why – what drives results reporting and who wants to see and use the evidence of results.

The Monitoring Survey

The survey is the purpose-built part of the information and accountability base for monitoring the implementation of the Paris Declaration. As noted at several points already, there is prominent evidence in almost all of the evaluations that the survey and its selected indicators have an important presence and powerful influence on thinking and action related to implementation of the Declaration. The survey and its indicators appear to be shaping the ways that the different commitment and sub-commitment areas will be thought about, prioritised, and perhaps acted upon.

With so much evidence that this influence is being felt, the question arises as to what impacts it is having, including possible unintended consequences. This question is reinforced by the numbers of specific references in evaluations to problems of conception, significance, or data with particular indicators, and by the survey's clear – but surely unintended – influence in narrowing the focus of assessment to certain aspects of implementation.[10] A full assessment of the Monitoring Survey and its indicators and their respective effects would go far beyond the scope and means of the evaluation, but its clear importance and the issues it has raised must be prominently registered, and will be reflected in the lessons and recommendations from the evaluation.

A "level playing field"

Reciprocal incentive for accountability? More fundamentally, the question has been raised as to whether at the present stage accountability can be fully mutual between countries and those providing them with development assistance. The question was explicitly raised in two country evaluations about the relative means available to the two parties for assuring compliance, pointing out that the donor's option of reducing or withdrawing its aid has no matching equivalent in the hands of the partner country, which is always constrained to whatever degree it considers the aid involved important. Getting this balance right is essential for ensuring compliance with the Paris Declaration's commitment of mutual accountability. The South Africa evaluation highlights the distinctions between exchange of information, as a minimum threshold in mutual accountability, and additional measures of mutual assurance, ranging all the way to contractual or quasi-contractual arrangements.[11]

> "The embassies mentioned a variety of measures to improve the accountability of the Netherlands towards the partner country. These can be summarised as follows:
> - Where the Netherlands participates in Joint Assistance Strategies (Uganda and Zambia), information about the Netherlands commitments is provided to the relevant authorities and established funding patterns for aligned programmes are respected. In Uganda it is also ascertained whether the Netherlands-supported activities are "on budget".
> - Where the Netherlands frequently operates as the local Presidency of the European Union (for instance in Mali), it has been agreed with the authorities to hold regular political consultations between the EU donors and the authorities to discuss the issue of mutual accountability.
> - General budget support which initially aimed at merely "plugging holes in the national budget" in an ad hoc fashion has been transformed into results-oriented support which implies that the partner country should report on results. Currently, general budget support provided to partner countries in Sub-Saharan Africa is increasingly provided in a multi-year perspective …
> - In Bolivia, the embassy informs the Ministry of Planning on a regular basis about the status of Dutch-supported activities. All contracts with government institutions are also signed by the Ministry of Planning.
> - The Netherlands embassy in South Africa aims to provide timely information to the Treasury as well as to sector ministries.
>
> *Netherlands evaluation* "

The evaluations do show that where there are clear examples of tools for mutual accountability, these seem to have a significant disciplining effect. The Mozambique G19 model and the Country Harmonisation and Alignment Tool for UNAIDS are

10 This effect has been noted in successive chapters above, in relation to several of the commitment areas, beginning with the single indicator for ownership on having national development strategies in place, linked to budgets.

11 It cites a preliminary ODI 2006 study for this evaluation which pointed out that there are three main requirements for mutual accountability: The availability and use of information, mechanisms for monitoring performance and the existence of adequate incentives for compliance. South Africa evaluation, p.120.

strong examples brought out in the studies, and there are others. The question remains as to why these experiences are not more widely discussed, shared and replicated. It is important to note the strong position in five country evaluations that mutual accountability can and must be built around accountability to legislatures and citizens.

Dangers of overload or fatigue?

Paradoxically, the risk of overload in these mechanisms has been raised even – perhaps especially – in countries where the necessary information is relatively accessible and many mechanisms and platforms for mutual accountability exist. The Uganda report, for example, documents some of the particular challenges involved in the coordination of various sequences of consultation on the new National Development Plan, and the perplexing complications that arise. In Vietnam, the Independent Monitoring Report traces the organic evolution of a wide range of partnership mechanisms and platforms for mutual accountability, stressing that there is no single model for an effective partnership group, and citing an apt description of the process as "a partnership journey".

> **There is no single model for an effective Partnership Group. The report usefully describe a "partnership journey, in which Vietnamese agencies and their donor partners proceed from a shared diagnosis of the challenges prevailing in the sector, through the development of shared action plans and the mobilisation of resources, to developing common implementation and monitoring arrangements. The form and function of partnership groups evolves through this process. Different sectors are currently at different points on this journey. The most effective partnership groups – for example, in education – began as simple structures for sharing information, and evolved over a number of years into a more sophisticated form as donors moved into programmatic support and the Development Partnership matured.**
>
> **On the other hand, the report warns:**
>
> **The Independent Monitoring Team (IMT) found that commitment to the Hanoi Core Statement is still solid on both sides, but a certain fatigue is apparent. When the structures and processes become too elaborate, aid-effectiveness fatigue becomes a genuine risk.**
>
> *Vietnam Independent Monitoring Report*

3.24 Conclusions: Is behaviour changing around mutual accountability?

1. Compared with their findings about progress and remaining problems in other commitment areas, the evaluations convey a sense that the joint processes for tracking progress and resolving problems fall short of the goals of mutual accountability.

It is in the assessments of implementation of mutual accountability that the essentially political character of the Paris Declaration and its commitments between parties comes most sharply into focus. All the commitments carry important political content, but the commitment to mutual accountability is precisely about the relationship itself, and brings into play the political interests, values and priorities of the endorsing governments and institutions, and of their respective constituents.

2. In order to capture what the evaluations actually had to say about the implementation of the mutual accountability commitment, it proved necessary to go beyond consideration of the single indicator selected for the Monitoring Survey, and go back to the carefully framed and reciprocal package of mutual commitments in the Paris Declaration itself. Some of the questions about mutual accountability that had seemed more opaque or potentially divisive – particularly expectations around who is accountable to whom and for what – were in fact found to have been anticipated and opened up for genuine mutual review by the Declaration.

3. Both the sense of limited progress and the political character of the obstacles being documented underscore the need for political re-engagement to reorient and revitalise this pivotal commitment to mutual accountability. Direct political re-engagement should also help clarify the intended role and limits of the Monitoring Survey in the overall assessment of implementation.

VI Partner Country Assessments of the Paris Declaration as a Tool for Aid Effectiveness

Six of the country studies covered in this report – those for Bangladesh, Bolivia, the Philippines, Senegal, South Africa and Sri Lanka – included dedicated chapters providing assessments of the Paris Declaration as a tool for aid effectiveness, specifically examining the clarity, relevance and internal coherence of its provisions for the country concerned. These special chapters, some of which treat the issues in considerable depth, merit particular attention as examples of current thinking in a number of diverse countries.

The findings in these dedicated chapters will be briefly synthesised here, bearing in mind that in each case a very large part

of their findings and analysis, conclusions and recommendations is also reflected in the other chapters on particular commitment areas. In this chapter, more specific references may be made to the individual country reports by name, given their small number and particular contexts.

3.25 Overall appraisal

The six reports find that the Paris Declaration is still really clear only to those stakeholders directly involved in working with it. This highlights the need for broader engagement and popularisation, and they all raised concerns and criticisms about the clarity, validity and/or use being made of some or most of the indicators for monitoring implementation. They challenge the perceived notion that "one size fits all". The reports agree that the Declaration is relevant to some of the main issues arising around the effectiveness and strategic use of aid, while stressing that it is far from being seen as a panacea for their main development concerns. The Declaration is seen by some in these assessments as too prescriptive on countries and not binding enough on Development Partners, and some point to a continuing perception of the Declaration as being "donor-driven".

3.26 Clarity

The reports' assessments on the clarity of the Paris Declaration as a tool for improving aid effectiveness are mainly focused in three areas:[12]

- The differing levels of knowledge and clarity among different types of stakeholder;
- Specific and pointed concerns about the clarity (and validity) of indicators in the Monitoring Survey; and
- A number of more searching reflections and questions, particularly in two reports, about the clarity of the basic concepts used in the Declaration and of its implicit assumptions about how change would occur and lead to its intended results.

This brief synthesis will concentrate on the first two areas above, noting that some of the points raised in the third area will be important to consider in the special study being undertaken to inform the design of Phase Two of the evaluation on links between the Paris Declaration, aid effectiveness and development effectiveness.

Five of the six reports stressed the very different levels of clarity of the Declaration as seen by different groups of stakeholders, depending on the intensity and type of involvement they have had in its design and negotiation, coordination and monitoring, or more practical implementation. In all these cases the assessments are that the Declaration is clear to those most directly concerned at the central coordinating levels of governments and among key personnel in partner embassies and field offices. Fairly consistently, however, that clarity is found to diminish as the assessment moves out to the wider circles of officials (in line ministries and sub-national government bodies, other than the most closely and longest engaged) and other stakeholders outside government, whose understanding and engagement are important for implementation and support.

Thus, the assessment of clarity is linked to, but not synonymous with, knowledge and understanding of the Declaration's raison d'être, relevance and overall strategic approach. This knowledge and understanding in turn is best assured by working familiarity and experience with the concepts. But the evaluations also stress the need for further deliberate popularisation and dissemination efforts, to avert the danger of the Declaration becoming a dialogue among bureaucrats, divorced from the political reality in which it must be carried forward.

The second main dimension of clarity explored in the six reports relates to the Monitoring Survey indicators. In their assessments of the clarity of the Paris Declaration as a tool, every one of the country evaluations in this group focused on concerns and criticisms about the relevance, validity and/or measurement of some or most of the indicators. These criticisms can be seen to go far beyond any predictable dissatisfaction with how their own country's performance may have happened to be assessed against the indicators in question. The reports were critical of from one of the twelve indicators in the low case to nine out of twelve in the high case. The specific criticisms were of different orders: Some seeking clarification or refinement, others raising serious concerns about the use of particular indicators, and some expressing wider discomfort with an unrepresentative overall interpretation being drawn from the application of these indicators as a package.

The third dimension of clarity of the Paris Declaration that is discussed, especially in the Sri Lanka and South Africa reports, is at a more reflective level. It draws in part on experience with implementation to explore some more fundamental conceptual issues and behavioural assumptions about the whole model and "theory of change" implicit in the Declaration and the processes for its implementation. As noted above, these reflections go considerably beyond the score of the Phase One Evaluation. They will, however, be fed into the preparation for Phase Two, and they are also taken here as an important signal of some of the deeper issues and debates that are surfacing around the Paris Declaration.

> **"… some government stakeholders believe that the Paris Declaration gave them a stronger hand in dealing with Development Partners. The Paris Declaration gave them the tool to remind donors of their own commitment to allowing government to take leadership in developing strategies and setting developing priorities and Development Partners aligning and harmonising their support."**
>
> *Uganda evaluation*

12 Another point of "clarity" raised, but mainly covered in the discussion of relevance, concerns the "clarity" of the Paris Declaration's framework for implementation, particularly at the sector and sub-national levels.

3.27 Relevance

The country assessments on the relevance of the Paris Declaration as a tool for aid effectiveness raised a wide range of issues, but there were a number of clusters of points raised by more than one report:

Agreement in all reports that the Declaration is relevant to some of the main issues with the effectiveness of aid

And it is provoking more impetus toward development goals and more strategic thinking about aid. At the same time, these reports recognised the limits of the Declaration's field of influence. It is not necessarily designed or able to offer any tailored solutions to some of their other most pressing development preoccupations, such as: The management of devolution and decentralisation; human resource and capacity issues; new thematic thrusts in development; sustainability of the results of development projects and programmes; environmental issues; gender concerns; or better management of concessional and non-aid as well as aid resources for development. Simply put, while the Declaration is seen by these countries to have relevance within its particular sphere of aid effectiveness, they stress that it is not seen as a panacea for their main development concerns.

The need to adapt the implementation to the country's context

Some of the targets were found unhelpful or unrealistic and were seen as implying that "one size fits all". Three of the studies saw that notion in the Paris Declaration. In the judgments of four of the reports, the Declaration has not been sufficiently adjusted or adapted to local conditions. Significantly, this point was made in both less aid-dependent countries and one more dependent one, for quite different reasons.

In the less aid-dependent countries, and those that were more advanced with aid reform before 2005, it is widely assumed that much of the Declaration's direction is less relevant to their situations than to other countries.

Interestingly, in one more aid-dependent country, the governmental and civil society respondents were notably more positive about the relevance of the Declaration to the country than were the donor representatives interviewed. Some of the latter group, for example, questioned the realism of the expectations of governmental capacity to carry the tasks, of the donors' ability to provide more predictable aid flows, of the possibility, or merit of phasing out project implementation units across the board, or of phasing down projects which are still seen by some as the best vehicle for reaching some vulnerable groups.

The political resonance of the Declaration is limited

If there is not a wide enough group of stakeholders sufficiently engaged with it through transparency and a web of political dialogue and relationships, the implementation of the Paris Declaration will fail the key test of relevance.

Relevance also depends on expectations

A further paradox is that the relevance of the Paris Declaration is questioned at some points because it is seen as too prescriptive, at others because it is not constraining or binding enough. This questioning is not just rooted in a concern for maximising one's own bargaining power, but in a broader uncertainty about how to operate within a complex international agreement whose undertakings are backed only by moral force.

The perception of being "donor-driven"

Informants from different perspectives in three of these reports raised the continuing perception of the Declaration as being "donor-driven" as an impediment to its relevance, at least in some quarters.

3.28 Coherence

A good number of points about coherence among the different commitments of the Declaration crop up in the specific "commitment" chapters of this report. Four of the six reports, however, include some broad reflection on the general coherence of the long-term expectations and assumptions implicit in the Declaration, reflection that will be of special value in preparing for Phase Two of the evaluation. All of these reports raise specific concerns about the need to ensure that action in the different areas is made complementary and mutually reinforcing, and to reduce the potential for incoherence and potential conflicts between different commitments and implementation measures.

The most important area of actual and potential conflict lies in the relationship between donor harmonisation on the one hand and, on the other hand, country ownership and leadership in aid management and coordination (and more specifically alignment). As highlighted in the box on "commitment" below, there were clear findings that promoting increased harmonisation activities among donors had, sometimes, worked against the ownership principle espoused under the Declaration to varying degrees. Recognising the tensions, it is suggested explicitly in one report that there is the need for the Paris Declaration commitments, and their associated indicators, to be weighted.

Improvements in managing for results and mutual accountability are essential in order to reduce conflict between the other commitments of the Paris Declaration. In the words of one report, "… there is a gap between ownership and alignment that cannot be addressed through harmonisation unless results and accountability [are] in focus".

Other particular points of coherence stressed are that:

a. Coordination of capacity building with national development strategies is critical to the Paris Declaration "means-ends strategy";
b. The apparent dual interpretations of some donors around mutual accountability (between donors and government partners and governments and their own citizens) raises another coherence issue to be resolved; and
c. Focusing solely on the Paris Declaration at the expense of other critical global initiatives can lead to incoherence and "unintended consequences".

VII Are the Required Commitments, Capacities and Incentives in Place?

The preceding sections have analysed the trends and events, explanatory factors and changes in behaviour in relation to each of the five commitment areas of the Paris Declaration. As intended, the country studies have been the main base for assessing what has actually been happening on the ground, with relevant analysis from the Development Partner agency reports woven in where it applies to each commitment area.

While it is vital to have this more detailed analysis of action on particular commitments, the purpose of the Phase One Evaluation is also to provide an overview on how and why the implementation of the Paris Declaration as a whole has proceeded, as it has to date. To seek these answers, all of the individual evaluations assessed the "enabling conditions" – commitment, capacities and incentives – available in countries and agencies to support successful implementation.[13] Therefore it is also useful to synthesise the results of those assessments in one place, and provide an overview of the "whys" and "hows" of performance that emerge from the Phase One Evaluation.

In reading the following summary, it is important to recall that the variations in performance are extremely wide. For all the partner countries assessed, as their own reports in Section V indicate, managing aid better is only part (and often a relatively small part) of managing their development priorities. They find the Declaration more or less useful for different purposes, and the enabling conditions in place should be expected to reflect those variations.

A few Development Partner agencies are assessed as now having effective aid as their "raison d'être" and Paris Declaration approaches as a constant guide in how they organise and do their work – in the words of one evaluator, it is accepted as being "built into their institutional DNA". For other Development Partner agencies, it is reported that aid effectiveness concerns do not always prevail over other objectives, and Paris Declaration approaches are not fully internalised or applied.

One final note in presenting the following summary assessments is that they reflect an amalgam of findings and conclusions from both country and Development Partner assessments. The country evaluations in particular were asked to provide assessments of both their own and donors' enabling conditions, and some of the donor assessments also included inputs from partner countries. It is worth emphasising that, after analysing the evidence on these points, there is no need to break out country and Development Partner assessments, as their self-assessments and mutual assessments arrived at remarkably consistent results.

Commitments

In partner countries:

i. Political commitment for related aid reforms was strong in at least half of these countries before 2005. The Paris Declaration agenda has reinforced and structured dialogue and opened up more space in all cases;
ii. Levels of commitment (shown to be linked to familiarity and responsibility for aid relations) vary between the coordinating and implementing levels in countries;
iii. Public and political knowledge is not wide, but consultation and accountability arrangements are growing stronger in all cases (with supportive influence from the Paris Declaration).

In Development Partner agencies:

i. There was a variable base of commitment for related aid reforms pre-2005;
ii. Practical commitment (to promote aid effectiveness and overcome obstacles) is characterised as narrow within eight of eleven agencies and varies with wider political and public understanding and support at home;
iii. Where the Paris Declaration is seen as mainly a technical and bureaucratic agenda, with mainly formalistic political endorsement, the base in bilateral agencies for changing behaviour and overcoming the obstacles is weaker;
iv. Multilaterals have some analogous influences and interests, but structured accountability to partner countries and more international pressure;
v. Practical commitment is strongest among programme and field staff;
vi. Lack of coherence within some donors' own institutional systems dilutes their potential commitment to the Paris Declaration agenda.

13 It must be noted that although the terms of reference for these evaluations provided some amplification of what was meant and sought in assessments of commitment, capacity and incentives, there were still considerable differences in the ways in which they were interpreted and applied in different studies. For example, in some cases "incentives" were narrowly interpreted to apply only to financial incentives to staff members. The more systematic approach to assessing these conditions adopted in the evaluation for Germany would have been a useful model for all.

Capacities

In partner countries:

i. Limits are found in all cases, particularly in their capacities for operational strategies, sub-national work, and coordinating donors;
ii. Aid is often a "sideline"- other responsibilities take precedence for many staff;
iii. All experience a need for both dedicated capacities and mainstreaming of the aid effectiveness agenda;
iv. Unresponsive civil service systems, high staff turnover and short-term pressures set limits on the capacity for aid effectiveness work and the requisite capacity building.

In Development Partner agencies:

i. Most face built-in limitations in their national systems, institutional structures and regulations, and staff allocations. Agencies differ in response: The Paris Declaration has been a general support for change in some, a strong driver in others;
ii. All are reporting shortages of the right skills and staffing allocations to manage the changing aid agenda and responsibilities;
iii. The most prevalent capacity constraint reported is a lack of sufficient delegation of authority from the HQ to take decisions at the country level.

Incentives/disincentives

In partner countries:

i. Most reportedly have to rely heavily on intrinsic professional or personal motivation as well as some occasional ancillary benefits of involvement in aid projects;
ii. Institutional interests may be disincentives, e.g. existing project links or parallel Project Implementation Units, the flexibility to use international or donor systems for immediate efficiency advantages;
iii. Especially in sectors or programmes where the role of aid is small, national or institutional policy direction may be strong, but career recognition and tangible compensation for this work are inadequate;
iv. Project Implementation Units are seen to offer more incentives and a clear and important mission and responsibilities.

In Development Partner agencies:

i. Organisational and individual targets and career recognition for effectiveness work are uneven. They are reported to be sufficiently built-in for only a small minority of agencies. Intrinsic professional or personal motivation is a key incentive;
ii. Pressures remain strong in a majority of agencies to maintain the visibility and attribution of their individual contributions. A minority have modified expectations, and/or receive credit for leadership in aid reform;
iii. Pressures remain strong in almost all agencies to satisfy their individual fiduciary and accountability requirements – a disincentive to recognising and managing the risks in promoting greater country ownership (e.g. "zero tolerance" on corruption);
iv. Half of the agencies report the responsibility to pursue non-developmental national objectives in aid programmes – foreign policy, commercial and/or institutional interests or advocacy priorities – which is a disincentive to full commitment;
v. The pressure for disbursements, "maximum development for the money", and "getting things done quickly" reportedly remains strong in almost all agencies;
vi. The near-universal perception of unexpectedly difficult transitional adjustments and perhaps continuing increased transaction costs for donors in the new aid approaches is now a disincentive to further movement, especially without additional resources to grapple with them;
vii. An over-reliance on expatriate technical assistance and seconded staff to execute and build capacity in programmes is reported, tending to undermine ownership;
viii. A disincentive exists where there are reservations, sometimes arbitrary, about the legitimacy of ownership in a partner country – particularly between central government agencies and other stakeholders; and
ix. A final disincentive to successful implementation exists in the dangers of "mechanical", doctrinaire or high-pressure implementation of Paris, rather than allowing countries to adapt it to their priorities. e.g. pushing harmonisation over alignment.

4. Broader Conclusions and Issues around the Implementation of the Paris Declaration as a Whole

The earlier chapters of this report have synthesised the evaluation findings under each of the five commitment areas of the Paris Declaration, and distilled the conclusions in each of those areas, responding to the third central evaluation question as to whether and how behaviour has actually been changing in the directions intended. Those chapters have a very important role in breaking down what could otherwise be an over-generalised or shallow discussion of the implementation of the Declaration as a whole, and their conclusions will also provide the basis for many of the key lessons and recommendations identified in the final section below.[1]

This chapter will bring together the most important findings, conclusions and issues raised that relate to the implementation of the Declaration as a whole. It will also identify and analyse possible opportunities, differences of perception, challenges and potential risks emerging from the assembled information.

4.1 A political agenda for action, not just technical

Many findings throughout the reports have underlined the fact that the entire Paris Declaration and its commitments are not just technical agreements but political undertakings linked to continuing political relationships. In the difficult processes of change required for implementation, real issues of politics and political economy come into play, in many cases requiring political solutions.

Vigilant and proactive leadership by the partner countries, driven from the political level, is clearly the most important single determinant of progress in moving forward with the commitments to ownership, alignment, harmonisation and mutual accountability around aid. In most cases the engagement in managing for results is less clear to date, but growing.

In both partner and donor countries where the political understanding and support are strongest, so are the levels of commitment, capacity and incentives for implementation on all fronts. Conversely, where the Declaration remains the enclave of small circles of officials, working on what are treated as technical issues, the basis for overcoming the obstacles and resolving real political difficulties is much weaker.

At the international level, it is clear that if the work of implementing Paris remains just a "dialogue among technocrats" and is not built on growing political trust, the uneven pace of change and "aid effectiveness fatigue" may begin to undermine and sap the effort. The difficult but vital cooperation to improve aid could more easily become victim to political reversals within countries, as well as to the emergence of higher profile issues and priorities for international cooperation.

4.2 Still a shared agenda, with some divergences

These studies reveal only a few consistent differences between the perspectives of country and donor representatives (especially those responsible for programmes and on the ground) on the key issues examined. Three key points where they diverge are:

- What is really limiting the use of country systems to manage aid?
- The relative priorities among ownership, alignment, harmonisation, managing for results and mutual accountability; and
- The degree of concern over transitional and increased transaction costs to date in changing systems to live up to Paris Declaration commitments.

For reasons outlined at the beginning of this report, the differing terms of reference for the country and Development Partner evaluations, together with the adaptations in the ways they were applied, would not permit any systematic set of comparisons and contrasts between country and Development Partner perspectives on key aspects of the implementa-

1 The donor studies, it should be noted, were not instructed in their terms of reference to make assessments under each of the five commitments, although some did so.

tion of the Declaration. Nevertheless, the synthesis team is prepared to venture some broad conclusions on these issues, drawing on its careful analyses and cross-checking of all the studies.

The first noted difference concerns the continuing reluctance of most donors to use country systems, for example for procurement and financial management, even when the countries believe they can demonstrate that those systems have been upgraded to meet any reasonable standard of confidence. With exceptions in a minority of the donor cases reported, a highly conservative, risk-averse donor approach is still seen by partner countries as the rule and as running counter to the Paris Declaration's principles on alignment, capacity development and ownership in general.[2]
The majority of donor studies do not attempt to disclaim this hesitant approach to using country systems. It appears to be basically accepted either as justified or as inescapable to satisfy home government demands.

A second important difference of perspective was noted in relation to the increased transaction costs being reported in handling aid under the new approaches of the Paris Declaration. On this question, the partner country and donor studies exhibit a different level of preoccupation rather than any difference of opinion. This preoccupation is most intense among donors, with respect to the demands being felt as they readjust their own systems and staffing, in the field and at headquarters, to handle the new demands of "doing aid differently". The country studies, in reporting on the donors' activities, also report on these concerns of donors. They note as well that their own systems are facing new or changing challenges in meeting these demands, but the level of concern recorded is in no case as high as for the majority of donors. It is not clear whether this difference is the result of the partner countries actually experiencing:

- a lessening of transaction costs from their previous aid relationships as intended (none report this specifically yet);
- fewer adjustment difficulties than donors; or
- merely another set of challenges among the many heavy demands on their capacities.

4.3 Strengthening capacity and trust in country systems

One of the most important obstacles to implementing the Declaration is the continuing reality – and sometimes just the outdated perception among most Development Partners – that capacities and systems in partner countries are not strong or reliable enough to carry the full responsibilities for managing aid prescribed in the Declaration. This obstacle is repeatedly identified in almost all of the evaluations, even though the countries assessed here include some of those with the strongest capacities and most advanced systems among all partner countries.

The "chicken and egg" problem is that partner country capacities and systems will mainly become stronger and more trusted through use, and they are thus held back by the reluctance of most donors to accept and manage the risks involved in relying on them more. Three Development Partner evaluations report good experience with this risk-management approach. Other supports would come from increased capacity-strengthening assistance tailored to partner countries' identified priority needs, and further work to gain acceptance for reasonable agreed standards for assessing capacities in areas such as financial management and procurement.

4.4 Differing expectations and uses of the Paris Declaration

In the words of one of the evaluations, views of the Declaration vary from it being a "statement of intent" all the way to it being a set of "non-negotiable decrees". The widespread tendency to focus almost exclusively on indicator targets feeds the latter view. Both country and donor partners are evidently struggling to get a firm grip on the appropriate level of direction to expect from the Declaration as implementation proceeds.

Different interpretations and understandings of the commitments in the Paris Declaration and concerns over managing tensions and possible conflicts between commitments are still hampering progress by some donors and partner countries. The implementation experience to date suggests that further top-level policy guidance and concrete examples of good practice of ownership and adaptation of the Declaration may be needed to build more shared expectations.

4.5 Dealing with different contexts

A general finding is that a better balance needs to be struck in adapting the Declaration to different contexts, while maintaining its incentives for the most important collaborative improvements. Introducing the different commitments in 2005, the endorsers of the Declaration said "We recognise that commitments need to be interpreted in the light of the specific situation of each partner country". Among some of the partner country situations examined here, this challenge is apparently being managed with some success, mainly through clear and open country leadership with good collaboration and support from a critical mass of Development Partners. Even where aid is a relatively small part of total development effort, however, this is shown to require careful management. Some donor evaluations report a tendency on the donor agency's part to assume that the Paris Declaration is more or less relevant in particular categories of country, for example in more aid-dependent countries, or low-income but not least developed countries. In the spirit of Paris, this determination should presumably be made by the countries themselves.

2 The Philippines and South Africa evaluations were especially forceful on this point. Even in cases like South Africa or Vietnam, it should be reiterated, there are situations in which partner country representatives say they prefer, for practical reasons, to use international or donor systems, but they are still concerned to be able to decide on this themselves.

Given the explanations found for the uneven pace of progress among donors, the obstacles some are facing may need to be tackled through making these problems and their implications better known. Some also favour adopting medium-term action plans to successively reduce the most serious impediments and avoid falling further behind good practice as defined by the Declaration. As seen below in its summation on the important systemic capacity problems in the German aid system – one of the three donor systems evaluated that exhibited such challenges – the evaluation in that country highlights how the Paris Declaration can be used to assess critically, and hopefully keep improving, aid effectiveness

> "… while the reforms implemented so far have certainly brought about improvements, the world has changed: The Paris Declaration now requires donors and Germany to take far-reaching decisions to achieve the goal of enhanced aid effectiveness. This message has been pronounced quite clearly not only by the latest DAC Peer Review of Germany but also in the Cooperation Ministry's Guide to the Operational Plan for Achieving the MDGs and Implementing the Paris Declaration (of December 2006) which specifies the range for action to be taken. In other words: The weaknesses of the German aid system, despite having been mitigated over the last few years, have become even more evident than before because of the Paris Declaration agenda. This conclusion should not be interpreted in negative terms. The Paris Declaration agenda, while being a real challenge, can also stimulate further reform and therefore provides a chance. Exactly this hope was expressed by several interlocutors."
>
> *Germany evaluation*

4.6 The uses and limits of the monitoring indicators

The evaluations show that misunderstanding the role and place of the Monitoring Survey and its indicators has had serious unintended effects in narrowing the focus of attention, debate, and perhaps action to a partial group of measures.

The commitment to monitoring implementation is an integral part of the Declaration itself, and one of the features that distinguishes it from other international statements of intent. It is also amply clear from practically all the evaluations that the Monitoring Survey has had one of its presumed intended effects, to keep wide attention focused on concrete measures of implementation to improve aid effectiveness. Indeed, the selection of indicators in the survey had a marked effect in shaping many of the evaluation studies. While somewhat more quantifiable than others (although even this is an acknowledged problem), most of these indicator measures are not deemed in the evaluations to be necessarily the most important or appropriate to capture the key changes required.

> "The Paris Declaration indicators were seen as either too narrowly defined or insufficiently defined to address country-specific contexts.
>
> *Philippines evaluation*

> "… some of the commitments have only one indicator which does not fully capture the essence of the commitments made under a particular theme. Hence the analysis in this report extends beyond the twelve Paris Declaration indicators to cover important commitments not fully captured by the respective indicator."
>
> *Uganda evaluation*

In their assessments of the Paris Declaration as a tool, each of the country evaluations in this group focused on concerns about some or most of the indicators, and clearly not because they were dissatisfied with their own "scores". Related concerns with the indicators came up in their assessments of action in individual commitment areas, as they did for most, if not all, of the Development Partner studies. The effects were especially clear in the earlier discussion on mutual accountability in this report, where the focus on only one of the four sub-commitments in the Declaration had led not only to obscuring the critical balance in the Declaration, but also to a misleading overall appraisal of progress.

4.7 Synergies and tensions between commitments

Across the board, there are strong indications that movement on the different commitments is in fact mutually reinforcing, but also signs of differences in priorities and possible trade-offs. Both countries and Development Partner agencies accept in principle that the five commitments in the Paris Declaration should be complementary and mutually reinforcing, leading toward more effective aid and development. At the level of principle as well, country ownership is accepted as the overarching commitment, although the subjective and political bases for judging ownership can make this difficult to apply in practice.

The longer history of harmonisation efforts among Development Partners, especially like-minded donors, and groups of major donors in some Asian countries, is reflected in examples of quite advanced practice. In some countries, this harmonisation is harnessed to support alignment with the country's own strategies, priorities and systems. In other countries, harmonisation has operated somewhat independently of alignment, sometimes even with the tacit acceptance of the country that this is primarily a donor concern. It is becoming clearer that countries expect harmonisation to be led by themselves, and to follow and support alignment to their systems. Giving

excessive priority to harmonisation among donors is thus increasingly seen as running counter to ownership as well. It remains to be seen how an important new mechanism such as the European Union Code of Conduct on Division of Labour will manage these potential risks.

One other area of tension identified is not so intrinsic to the commitments themselves, but to the differing emphasis being placed on them by countries and donors. Specifically, some of the donors are perceived as placing growing emphasis on managing for results, and certain aspects of mutual accountability, as well as harmonisation, while partner countries tend to be most concerned with strengthening alignment and ownership. Some real tension is seen at times between a focus on achieving and demonstrating "results" and a contrary focus on allowing the time and work needed to broaden ownership and to strengthen capacity. As noted, too, there can be a tension between country ownership and what may be seen as an intrusive donor focus on only the internal dimensions of mutual accountability, that is, a partner government's accountability to its own population. Seen positively, stronger locally owned systems for managing for results and accountability would provide a much more solid basis for moving forward with the other commitments.

4.8 The issues of transition and transaction costs in implementation

All of the donor evaluations record that the measures called for in the Paris Declaration are leading to difficult transitional adjustments and increased transaction costs in managing their aid programmes. Partner countries' evaluations are not yet clear about the new demands being placed on them, or old ones perhaps alleviated, bearing in mind that the latter objective is a major part of the rationale for the Declaration agenda. Overall, the evaluations do not yet yield a clear view on whether the net transaction costs of aid will ultimately be reduced as expected from the pre-2005 situation, or how the expected benefits will be shared between countries and their Development Partners.

The adjustments for donors include: Meeting demands for much stronger capacity and decision-making authority on the ground; new and different skills to engage with partner countries and other donors in more "upstream" analysis; and much less project and programme management responsibility. Several of the agency evaluations emphasise the need for new investment in learning and knowledge management to help retool and share useful experience for meeting these new challenges.

5. Key Lessons and Recommendations

5.1 Lessons

Lesson 1: **To counter the growing risks of bureaucratisation and "aid effectiveness fatigue" warned against in the evaluations, concrete and continuing measures are needed to re-energise and sustain high-level political engagement in the implementation of aid effectiveness reforms. Faster movement from rhetoric to action by both partner governments and donors is now crucial to retaining the Paris Declaration's credibility.**

The Accra High Level Forum should serve as a key turning point to relaunch and set in place a continuing political involvement that will be needed to manage the underlying political issues in the implementation of the Declaration over the coming years and prevent the required changes from becoming bogged down in bureaucratic processes and obstacles. [A possible mechanism to help maintain the essential political engagement through the remainder of the current five-year implementation period could be for the forum to designate a small number of eminent forum representatives to carry out an ongoing *political monitoring* role on implementation between forum events. This would involve tracking progress on the non-quantified commitments and selected issues raised in this Phase One Evaluation, and reporting regularly to the forum participants.]

Lesson 2: **Successful implementation of the Paris Declaration's reforms is much more likely in countries where understanding and involvement are extended beyond narrow circles of specialists, as has been shown in some promising advances in involving legislatures and civil society in both partner and donor countries. Within many countries, regional and local levels of government are also increasingly important actors and must be fully involved.**

Experience in the countries covered in this evaluation has shown the generally limited circles of involvement to date, but also promising examples of wider involvement of parliaments and citizens, and less polarised attitudes. The story needs to be told more widely, in non-bureaucratic terms, of the reasons reform is needed, some of the improvements already being accomplished, the important and difficult work that lies ahead, and the benefits that can be expected.

Lesson 3: **Other factors for successful implementation in countries often include the role of "champions" who ensure that the necessary capacity is deployed, and lead the vital drive to align aid with the country's budgetary and accountability systems. Among donors, the changes in regulations and practices to delegate greater authority and capacity to field offices have been the most important enabling conditions for successful implementation.**

Lesson 4: **Strengthening both the actual capacities of partner country systems to manage aid effectively, and the international recognition of those capacities where they already exist, are now key requirements for advancing the implementation of the Paris Declaration reforms. Using those systems, while accepting and managing the risks involved, is the best way that donors can help build both capacity and trust.**

Lesson 5: **The integrated, balanced and reciprocal character of the full package of Paris Declaration commitments needs to be strongly reaffirmed, and the Monitoring Survey and indicators placed in their proper perspective as covering only parts of the overall agenda.**

The evaluation has clearly shown that the twelve monitoring indicators have become such a focus of attention that the other 44 commitments in the Declaration are often overlooked. In some cases where the main indicators are found to be unclear or inapplicable, giving attention to the full guidance in the original declaration may do a good deal to clear up the problem. Before, during and beyond the Accra Forum, those who have endorsed the Paris Declaration need to act on all the commitments in a balanced way, and to ensure that the monitoring indicators and results are properly used and interpreted.

If possible, some key additional *qualitative measures of progress* should be identified on priority issues for the remainder of the current implementation period, and monitored and reported on through political channels and through the Phase Two evaluation. Some possible issues for such qualitative monitoring emerging from this evaluation appear in the recommendations below.

Lesson 6: **To offset the image of the Declaration as a "one size fits all" prescription for rigid compliance, there is a need to reiterate that its guidance can and should be adapted to particular country circumstances, while also clarifying the features to be maintained in common.**

The evaluations have underlined the wide differences in needs, priorities and capacities of countries to use and manage aid. This reiteration of the need for flexible application is crucial to reduce real misunderstandings that the Declaration is a dogmatic set of edicts. At the same time, it is important to preserve the benefits of a concerted international programme of action.

5.2 Key recommendations

These recommendations are derived directly from the synthesised findings and conclusions of the evaluation, building on examples of both good practice and revealed weaknesses in the different countries and Development Partner programmes evaluated. They are set at a strategic level, and are likely to be applicable to a much wider range of countries and donor agencies than those directly evaluated, a number of which are already at the forefront of reform.

It is recommended that countries and partner agencies take the following steps for the remainder of the Paris Declaration review period up to 2010, establishing a clear basis for the five-year assessment of progress.

It is recommended that **partner country authorities:**

1. **Announce, before the end of 2008, a manageable number of prioritised steps they will take to strengthen their leadership of aid relationships up to 2010, in the light of lessons from monitoring, evaluations and other stocktaking to date.**

   These should be transparent measures that reflect these countries' own capacities and domestic accountability needs, capture the benefits of learning, and give guidance to Development Partners, against which their efforts can also be assessed. Given capacity limitations, this may involve setting out sequenced approaches for asserting and exercising their ownership and leadership of development and cooperation strategies and requiring Development Partners to work within those systems.

2. **Build on the interim reviews of implementation in 2008 to ensure that they have in place a continuing transparent mechanism, ideally anchored in the legislature, for political monitoring and public participation around aid management and reform.**

   The evaluations provide examples of good practice, showing that these processes are likely to be best linked to the preparation, debate, approval and monitoring of the national budget. They should also encompass the roles and responsibilities of different levels of government, civil society and private sector organisations as direct development actors. The activities of government and Development Partners should be thoroughly documented and the proceedings and outcomes of these processes will provide a key platform for mutual accountability around aid.

3. **Give clear guidance to donors who are supporting capacity strengthening on their priorities for assistance to manage aid more effectively, consistent with their main development concerns.**

   This would require a coordinated plan or at least a prioritised list of key needs by the end of 2008. Such a resource would help to maintain momentum in priority areas, and also help secure and steer medium-term capacity-strengthening support from Development Partners and provide a basis for assessing their support. This will be only one step toward promoting more strategic and effective capacity strengthening.[1] It is worth noting that a proposal that the World Bank and UNDP should "explore a common fund for aid coordination capacity building" was made as early as 1999 in the World Bank's evaluation of aid coordination.

4. **Work out, by 2010 at the latest, adapted systems of managing for results that will best serve their domestic planning, management and accountability needs, and provide a sufficient basis for harnessing Development Partners' contributions.**

   The evaluations show that all are making progress with the difficult tasks of building systems of managing for results. The experience of Uganda in particular demonstrates both the feasibility and benefits of this work. Such systems will provide the necessary base for ensuring the alignment and harmonisation of development assistance, and will strengthen the information underpinnings for mutual accountability, mainly as a by-product of transparent domestic accountability.

   The perfect should not become the enemy of the good in this area, where most industrialised countries are themselves still struggling for satisfactory solutions. It is recommended that countries build on their often under-recognised experience at home, on best practices in similarly placed countries, and on outside resources, to "de-mystify"

1 A special study of the best ways of handling the agenda of capacity-strengthening needs would be a useful resource and should be carried out for Phase Two of the evaluation.

"results-based management" systems and aim to have "good enough" systems in place by 2010 to exercise the necessary leadership and direction over development and aid programmes.

It is recommended that **Development Partner or donor authorities:**

5. **Update their legislatures and publics in 2008 on progress to date with aid effectiveness reforms, underlining the need and plans for further concrete changes to be implemented before 2010 to accept and support country leadership in aid implementation and greater donor harmonisation.**

   These updates and plans should stress the need for a "mature risk management" approach – accepting and managing the risks that may sometimes be implied in these changes, and recognising that ineffective aid is the most serious risk of all. In different donor systems, these steps might require legislative and/or regulatory changes or adaptations. They might focus on: Specific provisions to accept partners' systems for financial administration, procurement, and performance management; rationalising and harmonising within their own structures; greater decentralisation of authority and/or staff and new hiring; or special (e.g. multi-year) budgetary allocations or commitments to provide more predictable aid.

6. **Before the end of 2008, announce their further detailed plans to delegate by 2010 to their field offices sufficient decision-making authority, appropriately skilled staff and other resources to support and participate fully in better-aligned and harmonised country-led cooperation.**

   In most of the country and partner evaluations, delegating more authority to field officers has been consistently identified as the most important single step for donor agencies to improve the effectiveness of their aid in line with the commitments of the Declaration. In cases where donors have not been able to decentralise and may not be able to replicate the most successful models, they need to set out specific strategies to compensate as far as possible.

7. **Specify their concrete planned steps to improve, by 2010 at the latest, the timeliness and accuracy of their reporting and projections for aid flows to feed into the budgeting and reporting cycles of partner countries, together with other Development Partners. Make the necessary provisions for multi-year allocations, commitments, or firm projections.**

   Clear improvements in these areas have been found to represent the minimum condition of compliance by Development Partners with their mutual accountability commitment under the Paris Declaration.

8. **Provide supplementary budgets, staffing and training up to 2010 to help their own programmes adjust for the transitional and new demands and transaction costs and learning needs that are being reported as major concerns in implementing the Paris Agenda.**

   When requested, they should strengthen their support to partner countries to make their own adjustments successfully. If necessary, the more advanced donors should also be prepared to moderate their expectations and pace of change to adapt to those of their partners.

9. **Allocate special resources (budgets and coordinated technical assistance) to support countries' prioritised efforts to strengthen their own capacities to implement more effective cooperation. Work with partners to design and manage other interim means of implementation (such as project implementation units) so that they steadily enhance capacity and country ownership.**

It is recommended that **those responsible for preparing the Phase Two evaluation of the Paris Declaration:**

10. **Design the evaluation strategically, and with wide participation, to:**

    - **Follow up on the Phase One results, delving further into dilemmas and problems found, including different understandings of the five commitments, tensions between them, assumptions about the relevance of the Declaration to different groups of countries, etc.;**
    - **Address squarely the question of "aid effectiveness", assessing whether aid is contributing to better development outcomes and impacts (development effectiveness) five years after the Paris Declaration, and why or why not;**
    - **Commission representative country evaluations (with donor roles and practices rigorously tested from the field perspective) supplemented by in-depth case studies of selected programmes or central issues, e.g. how leadership has actually worked to catalyse change in key cases;**
    - **Apply a consistent core methodology (including standard, quantifiable questions and monitoring results for the issues covered by indicators) to produce rigorous and timely comparative results. There should be room for countries to add on issues of special interest to themselves;**
    - **Commission targeted research in advance to help shape country studies' data collection and analysis.**

      The required studies should include:
      - as already underway, a special study on links between the Paris Declaration, aid effectiveness and development effectiveness;

- transition and transaction costs in applying Paris-linked approaches, and their incidence on donors and partner countries;
- strategies for strengthening countries' capacity in managing aid for development;
- the effects of non-aid resource flows and growing aid flows which may remain outside the Paris Declaration frameworks (particularly from major foundations and other private sources, non-traditional official donors, and development NGOs);
- other key issues emerging by 2009 that would benefit from such advance analysis.

High Level Forum
Paris ■ February 28 – March 2, 2005

PARIS DECLARATION ON AID EFFECTIVENESS

Ownership, Harmonisation, Alignment, Results and Mutual Accountability

I. Statement of Resolve

1. We, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions, meeting in Paris on 2 March 2005, resolve to take far-reaching and monitorable actions to reform the ways we deliver and manage aid as we look ahead to the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs) later this year. As in Monterrey, we recognise that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new bilateral and multilateral initiatives lead to significant further increases in aid.

2. At this High-Level Forum on Aid Effectiveness, we followed up on the Declaration adopted at the High-Level Forum on Harmonisation in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004) because we believe they will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs.

Scale up for more effective aid

3. We reaffirm the commitments made at Rome to harmonise and align aid delivery. We are encouraged that many donors and partner countries are making aid effectiveness a high priority, and we reaffirm our commitment to accelerate progress in implementation, especially in the following areas:

i. Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).

ii. Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.

iii. Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.

iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.

v. Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.

vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.

4. We commit ourselves to taking concrete and effective action to address the remaining challenges, including:

i. Weaknesses in partner countries' institutional capacities to develop and implement results-driven national development strategies.

ii. Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.

iii. Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.

iv. Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.

v. Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.

5. We acknowledge that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, we will be guided by development strategies and priorities established by partner countries. Individually and collectively, we will choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.

6. In following up the Declaration, we will intensify our efforts to provide and use development assistance, including the increased flows as promised at Monterrey, in ways that rationalise the often excessive fragmentation of donor activities at the country and sector levels.

Adapt and apply to differing country situations

7. Enhancing the effectiveness of aid is also necessary in challenging and complex situations, such as the tsunami disaster that struck countries of the Indian Ocean rim on 26 December 2004. In such situations, worldwide humanitarian and development assistance must be harmonised within the growth and poverty reduction agendas of partner countries. In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity. Overall, we will give increased attention to such complex situations as we work toward greater aid effectiveness.

Specify indicators, timetable and targets

8. We accept that the reforms suggested in this Declaration will require continued high-level political support, peer pressure and coordinated actions at the global, regional and country levels. We commit to accelerate the pace of change by implementing, in a spirit of mutual accountability, the Partnership Commitments presented in Section II and to measure progress against 12 specific indicators that we have agreed today and that are set out in Section III of this Declaration.

9. As a further spur to progress, we will set targets for the year 2010. These targets, which will involve action by both donors and partner countries, are designed to track and encourage progress at the global level among the countries and agencies that have agreed to this Declaration. They are not intended to prejudge or substitute for any targets that individual partner countries may wish to set. We have agreed today to set five preliminary targets against indicators as shown in Section III. We agree to review these preliminary targets and to adopt targets against the remaining indicators as shown in Section III before the UNGA Summit in September 2005; and we ask the partnership of donors and partner countries hosted by the DAC to prepare for this urgently[1]. Meanwhile, we welcome initiatives by partner countries and donors to establish their own targets for

[1] In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

improved aid effectiveness within the framework of the agreed Partnership Commitments and Indicators of Progress. For example, a number of partner countries have presented action plans, and a large number of donors have announced important new commitments. We invite all participants who wish to provide information on such initiatives to submit it by 4 April 2005 for subsequent publication.

Monitor and evaluate implementation

10. Because demonstrating real progress at country level is critical, under the leadership of the partner country we will periodically assess, qualitatively as well as quantitatively, our mutual progress at country level in implementing agreed commitments on aid effectiveness. In doing so, we will make use of appropriate country level mechanisms.

11. At the international level, we call on the partnership of donors and partner countries hosted by the DAC to broaden partner country participation and, by the end of 2005, to propose arrangements for the medium term monitoring of the commitments in this Declaration. In the meantime, we ask the partnership to co-ordinate the international monitoring of the Indicators of Progress included in Section III; to refine targets as necessary; to provide appropriate guidance to establish baselines; and to enable consistent aggregation of information across a range of countries to be summed up in a periodic report. We will also use existing peer review mechanisms and regional reviews to support progress in this agenda. We will, in addition, explore independent cross-country monitoring and evaluation processes – which should be applied without imposing additional burdens on partners – to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.

12. Consistent with the focus on implementation, we plan to meet again in 2008 in a developing country and conduct two rounds of monitoring before then to review progress in implementing this Declaration.

II. Partnership Commitments

13. Developed in a spirit of mutual accountability, these Partnership Commitments are based on the lessons of experience. We recognise that commitments need to be interpreted in the light of the specific situation of each partner country.

OWNERSHIP

Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

14. **Partner countries** commit to:

- Exercise leadership in developing and implementing their national development strategies[2] through broad consultative processes.
- Translate these national development strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets (**Indicator 1**).
- Take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.

15. **Donors** commit to:

- Respect partner country leadership and help strengthen their capacity to exercise it.

[2] The term `national development strategies' includes poverty reduction and similar overarching strategies as well as sector and thematic strategies.

ALIGNMENT

Donors base their overall support on partner countries' national development strategies, institutions and procedures

Donors align with partners' strategies

16. **Donors** commit to:

- Base their overall support — country strategies, policy dialogues and development co-operation programmes — on partners' national development strategies and periodic reviews of progress in implementing these strategies[3] (**Indicator 3**).
- Draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders.
- Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

Donors use strengthened country systems

17. Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.

18. Diagnostic reviews are an important — and growing — source of information to governments and donors on the state of country systems in partner countries. Partner countries and donors have a shared interest in being able to monitor progress over time in improving country systems. They are assisted by performance assessment frameworks, and an associated set of reform measures, that build on the information set out in diagnostic reviews and related analytical work.

19. **Partner countrie**s and **donors** jointly commit to:

- Work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems (**Indicator 2**).
- Integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development.

20. **Partner countries** commit to:

- Carry out diagnostic reviews that provide reliable assessments of country systems and procedures.
- On the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
- Undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes.

21. **Donors** commit to:

- Use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures (**Indicator 5**).

[3] This includes for example the Annual Progress Review of the Poverty Reduction Strategies (APR).

- Avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes (**Indicator 6**).
- Adopt harmonised performance assessment frameworks for country systems so as to avoid presenting partner countries with an excessive number of potentially conflicting targets.

Partner countries strengthen development capacity with support from donors

22. The capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives — from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources.

23. **Partner countries** commit to:

- Integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.

24. **Donors** commit to:

- Align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly (**Indicator 4**).

Strengthen public financial management capacity

25. **Partner countries** commit to:

- Intensify efforts to mobilise domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments.
- Publish timely, transparent and reliable reporting on budget execution.
- Take leadership of the public financial management reform process.

26. **Donors** commit to:

- Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules (**Indicator 7**).
- Rely to the maximum extent possible on transparent partner government budget and accounting mechanisms **(Indicator 5**).

27. **Partner countries** and **donors** jointly commit to:

- Implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.

Strengthen national procurement systems

28. **Partner countrie**s and **donors** jointly commit to:

- Use mutually agreed standards and processes[4] to carry out diagnostics, develop sustainable reforms and monitor implementation.
- Commit sufficient resources to support and sustain medium and long-term procurement reforms and capacity development.
- Share feedback at the country level on recommended approaches so they can be improved over time.

[4] Such as the processes developed by the joint OECD-DAC – World Bank Round Table on Strengthening Procurement Capacities in Developing Countries.

29. **Partner countrie**s commit to take leadership and implement the procurement reform process.

30. **Donors** commit to:

- Progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes **(Indicator 5**).
- Adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

Untie aid: getting better value for money

31. Untying aid generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment. **DAC Donors** will continue to make progress on untying as encouraged by the 2001 DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries (**Indicator 8**).

HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective

Donors implement common arrangements and simplify procedures

32. **Donors** commit to:

- Implement the donor action plans that they have developed as part of the follow-up to the Rome High-Level Forum.
- Implement, where feasible, common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows. Increased use of programme-based aid modalities can contribute to this effort (**Indicator 9**).
- Work together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews (**Indicator 10**); and promote joint training to share lessons learnt and build a community of practice.

Complementarity: more effective division of labour

33. Excessive fragmentation of aid at global, country or sector level impairs aid effectiveness. A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs.

34. **Partner countries** commit to:

- Provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level.

35. **Donors** commit to:

- Make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks.
- Work together to harmonise separate procedures.

Incentives for collaborative behaviour

36. **Donors** and **partner countries** jointly commit to:

- Reform procedures and strengthen incentives—including for recruitment, appraisal and training—for management and staff to work towards harmonisation, alignment and results.

Delivering effective aid in fragile states[5]

37. The long-term vision for international engagement in fragile states is to build legitimate, effective and resilient state and other country institutions. While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery.

38. **Partner countries** commit to:

- Make progress towards building institutions and establishing governance structures that deliver effective governance, public safety, security, and equitable access to basic social services for their citizens.
- Engage in dialogue with donors on developing simple planning tools, such as the transitional results matrix, where national development strategies are not yet in place.
- Encourage broad participation of a range of national actors in setting development priorities.

39. **Donors** commit to:

- Harmonise their activities. Harmonisation is all the more crucial in the absence of strong government leadership. It should focus on upstream analysis, joint assessments, joint strategies, co-ordination of political engagement; and practical initiatives such as the establishment of joint donor offices.
- Align to the maximum extent possible behind central government-led strategies or, if that is not possible, donors should make maximum use of country, regional, sector or non-government systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.
- Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.

Promoting a harmonised approach to environmental assessments

40. Donors have achieved considerable progress in harmonisation around environmental impact assessment (EIA) including relevant health and social issues at the project level. This progress needs to be deepened, including on addressing implications of global environmental issues such as climate change, desertification and loss of biodiversity.

41. **Donors** and **partner countries** jointly commit to:

- Strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common approaches for "strategic environmental assessment" at the sector and national levels.
- Continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation.

42. Similar harmonisation efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues including those financed by dedicated funds.

MANAGING FOR RESULTS

Managing resources and improving decision-making for results

43. Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making.

[5] The following section draws on the draft Principles for Good International Engagement in Fragile States, which emerged from the Senior Level Forum on Development Effectiveness in Fragile States (London, January 2005).

44. **Partner countries** commit to:

- Strengthen the linkages between national development strategies and annual and multi-annual budget processes.
- Endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available (**Indicator 11**).

45. **Donors** commit to:

- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
- Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
- Harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.

46. **Partner countrie**s and **donors** jointly commit to:

- Work together in a participatory approach to strengthen country capacities and demand for results based management.

MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

47. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.

48. **Partner countries** commit to:

- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
- Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.

49. **Donors** commit to:

- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.

50. **Partner countrie**s and **donors** commit to:

- Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments. (**Indicator 12**).

III. Indicators of Progress

To be measured nationally and monitored internationally

<table>
<tr><th colspan="2">OWNERSHIP</th><th colspan="2">TARGET FOR 2010</th></tr>
<tr><td>1</td><td>Partners have operational development strategies — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.</td><td colspan="2">At least 75% of partner countries have operational development strategies.</td></tr>
<tr><th colspan="2">ALIGNMENT</th><th colspan="2">TARGETS FOR 2010</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Reliable country systems — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.</td><td colspan="2">(a) Public financial management – Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance.</td></tr>
<tr><td colspan="2">(b) Procurement – One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.</td></tr>
<tr><td>3</td><td>Aid flows are aligned on national priorities — Percent of aid flows to the government sector that is reported on partners' national budgets.</td><td colspan="2">Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).</td></tr>
<tr><td>4</td><td>Strengthen capacity by co-ordinated support — Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.</td><td colspan="2">50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.</td></tr>
<tr><td>5a</td><td>Use of country public financial management systems — Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.</td><td colspan="2">
<table>
<tr><th colspan="2">PERCENT OF DONORS</th></tr>
<tr><th>Score*</th><th>Target</th></tr>
<tr><td>5+</td><td>All donors use partner countries' PFM systems.</td></tr>
<tr><td>3.5 to 4.5</td><td>90% of donors use partner countries' PFM systems.</td></tr>
<tr><th colspan="2">PERCENT OF AID FLOWS</th></tr>
<tr><th>Score*</th><th>Target</th></tr>
<tr><td>5+</td><td>A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.</td></tr>
<tr><td>3.5 to 4.5</td><td>A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.</td></tr>
</table>
</td></tr>
<tr><td>5b</td><td>Use of country procurement systems — Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.</td><td colspan="2">
<table>
<tr><th colspan="2">PERCENT OF DONORS</th></tr>
<tr><th>Score*</th><th>Target</th></tr>
<tr><td>A</td><td>All donors use partner countries' procurement systems.</td></tr>
<tr><td>B</td><td>90% of donors use partner countries' procurement systems.</td></tr>
<tr><th colspan="2">PERCENT OF AID FLOWS</th></tr>
<tr><th>Score*</th><th>Target</th></tr>
<tr><td>A</td><td>A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.</td></tr>
<tr><td>B</td><td>A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.</td></tr>
</table>
</td></tr>
<tr><td>6</td><td>Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.</td><td colspan="2">Reduce by two-thirds the stock of parallel project implementation units (PIUs).</td></tr>
<tr><td>7</td><td>Aid is more predictable — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.</td><td colspan="2">Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.</td></tr>
<tr><td>8</td><td>Aid is untied — Percent of bilateral aid that is untied.</td><td colspan="2">Continued progress over time.</td></tr>
</table>

HARMONISATION		TARGETS FOR 2010
9	*Use of common arrangements or procedures* — Percent of aid provided as programme-based approaches.	**66% of aid flows** are provided in the context of programme-based approaches.
10	*Encourage shared analysis* — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	**(a) 40% of donor missions** to the field are joint**.**
		(b) 66% of country analytic work is joint.
MANAGING FOR RESULTS		**TARGET FOR 2010**
11	*Results-oriented frameworks* — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	**Reduce the gap by one-third —** Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
MUTUAL ACCOUNTABILITY		**TARGET FOR 2010**
12	*Mutual accountability* — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	**All partner countries** have mutual assessment reviews in place.

Important Note: In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

*__Note on Indicator 5:__ Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.

Appendix A:
Methodological Notes on the Indicators of Progress

The Indicators of Progress provides a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. This framework draws selectively from the Partnership Commitments presented in Section II of this Declaration.

Purpose — The Indicators of Progress provide a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. They measure principally **collective behaviour at the country level.**

Country level vs. global level — The indicators are to be **measured at** the **country level** in close collaboration between partner countries and donors. Values of country level indicators can then be statistically aggregated at the **regional or global level**. This global aggregation would be done both for the country panel mentioned below, for purposes of statistical comparability, and more broadly for all partner countries for which relevant data are available.

Donor / Partner country performance — The indicators of progress also provide a **benchmark against which individual donor agencies or partner countries can measure their performance** at the country, regional, or global level. In measuring individual donor performance, the indicators should be applied with flexibility in the recognition that donors have different institutional mandates.

Targets — The targets are set at the global level. Progress against these targets is to be measured by aggregating data measured at the country level. In addition to global targets, partner countries and donors in a given country might agree on country-level targets.

Baseline — A baseline will be established for 2005 in a panel of self-selected countries. The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to establish this panel.

Definitions and criteria — The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to provide specific guidance on definitions, scope of application, criteria and methodologies to assure that results can be aggregated across countries and across time.

Note on Indicator 9 — Programme based approaches are defined in Volume 2 of Harmonising Donor Practices for Effective Aid Delivery (OECD, 2005) in Box 3.1 as a way of engaging in development cooperation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme based approaches share the following features: (a) leadership by the host country or organisation; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. For the purpose of indicator 9 performance will be measured separately across the aid modalities that contribute to programme-based approaches.

APPENDIX B:
List of Participating Countries and Organisations

Participating Countries

Albania
Bangladesh
Bolivia
Burkina Faso
Cameroon
Congo D.R.
Dominican Republic
European Commission
France
Ghana
Guinea
Indonesia
Jamaica
Kenya
Kyrgyz Republic
Madagascar
Mali
Mongolia
Nepal
Nicaragua
Pakistan
Poland
Russian Federation
Senegal
Solomon Islands
Sri Lanka
Tajikistan
Timor-Leste
Uganda
Vanuatu
Zambia
Australia
Belgium
Botswana
Burundi
Canada
Czech Republic
Egypt
Fiji
Gambia, The
Greece
Honduras
Ireland
Japan
Korea
Lao PDR
Malawi
Mauritania
Morocco
Netherlands
Niger
Papua New Guinea
Portugal
Rwanda
Serbia and Montenegro
South Africa
Sweden
Tanzania
Tunisia
United Kingdom
Vietnam
Austria
Benin
[Brazil]*
Cambodia
China
Denmark
Ethiopia
Finland
Germany
Guatemala
Iceland
Italy
Jordan
Kuwait
Luxembourg
Malaysia
Mexico
Mozambique
New Zealand
Norway
Philippines
Romania
Saudi Arabia
Slovak Republic
Spain
Switzerland
Thailand
Turkey
United States of America
Yemen

*** To be confirmed.**

More countries than listed here have endorsed the Paris Declaration. For a full and up to date list please consult www.oecd.org/dac/effectiveness/parisdeclaration/members.

Participating Organisations

African Development Bank
Asian Development Bank
Consultative Group to Assist the Poorest (CGAP)
Economic Commission for Africa (ECA)
European Bank for Reconstruction and Development (EBRD)
Global Fund to Fight Aids, Tuberculosis and Malaria
Inter-American Development Bank
International Monetary Fund (IMF)
Islamic Development Bank
New Partnership for Africa's Development (NEPAD)
Organisation for Economic Co-operation and Development (OECD)
OPEC Fund for International Development
United Nations Development Group (UNDG)
Arab Bank for Economic Development in Africa
Commonwealth Secretariat
Council of Europe Development Bank (CEB)
Education for All Fast Track Initiative (EFA-FTI)
European Investment Bank (EIB)
G24
International Fund for Agricultural Development (IFAD)
International Organisation of the Francophonie
Millennium Campaign
Nordic Development Fund
Organisation of Eastern Caribbean States (OECS)
Pacific Islands Forum Secretariat
World Bank

Civil Society Organisations

Africa Humanitarian Action
Bill and Melinda Gates Foundations
Comité Catholique contre la Faim et pour le Développement (CCFD)
Comisión Económica (Nicaragua)
EURODAD
Japan NGO Center for International Cooperation (JANIC)
Tanzania Social and Economic Trust (TASOET)
AFRODAD
Canadian Council for International Cooperation (CCIC)
Coopération Internationale pour le Développement et la Solidarité (CIDSE)
ENDA Tiers Monde
International Union for Conservation of Nature and Natural Resources (IUCN)
Reality of Aid Network
UK Aid Network

25 April 2007

Framework Terms of Reference for the First Phase

Evaluation of the Implementation of the Paris Declaration

1. Background

Background for the evaluation

Alongside its strong focus on monitoring, the Paris Declaration also highlights the importance of exploring to undertake an independent cross-country evaluation process. The Declaration states that the evaluation process should provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives and that it should be applied without imposing additional burdens on partners.

Further to the discussions at the third and fourth meetings of the DAC Network on Development Evaluation (EvalNet), consultations on how to deliver this work have been taken forward with the Joint Venture on Monitoring the Paris Declaration, the Working Party on Aid Effectiveness (WP-EFF) and with partner countries. At the eighth meeting of the WP-EFF (5-7 July 2006), the EvalNet presented options for the evaluation follow-up to the Paris Declaration and invited partner countries to join a task team to co-ordinate the independent evaluation process. WP-EFF members strongly supported the initiative highlighting that the proposed approach would strengthen harmonised approaches to evaluation and would prioritise country-led evaluations building on existing in-country processes. It was noted that donors would also need to volunteer for being evaluated. WP-EFF members agreed that the Evaluation Network should move forward with the joint evaluation process and with a view to preparing an initial report for the 2008 meeting of the High Level Forum on the Paris Declaration (HLF-3). They recommended to aim for a fairly light evaluation and to also look at longer-term issues beyond the HLF-3 in Ghana.

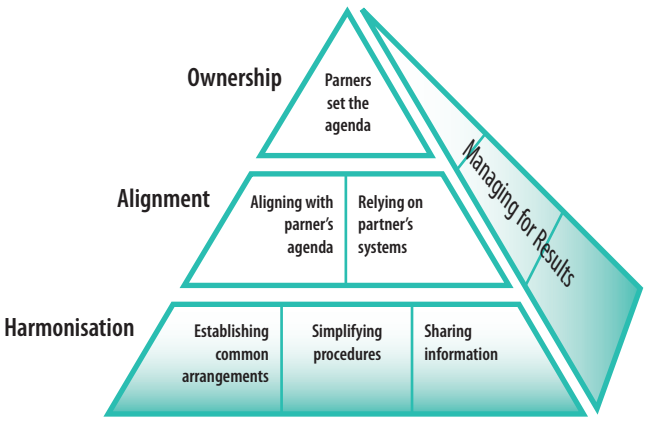
At the 2006 Regional Workshops on Aid Effectiveness in Africa and Asia and Latin America a wide range of partner countries reiterated their support for the proposed joint evaluation. It was stressed that the evaluation can add value to the implementation process e.g. by focussing on the more basic questions of what works and why as far as implementation of the Paris Declaration is concerned.

The Paris Declaration

The Paris Declaration poses an outstandingly important challenge both to the world of development cooperation in general and to the field of development evaluation in particular. Compared with previous joint statements on aid harmonisation and alignment, it provides a practical, action-oriented roadmap with specific targets to be met by 2010 and definite review points in the years between. The number of countries and international organisations participating in the High Level Forum (HLF) and putting their signature to the joint commitments contained in the Declaration was unprecedented, reflecting a progressive widening of the range of voices included in major meetings convened by the OECD DAC.

In various forms, the pyramid diagram reproduced as Figure 1 has been widely disseminated, providing a clear and accessible definition of the key terms country ownership, policy and systems alignment, and harmonisation, and the way these relate to each other and to the overarching theme of managing for development results.

Figure 1: The Paris Declaration concepts



Source: DAC (2004).

An important feature of the final Paris Declaration text is that it includes commitments not just on the established Harmonisation and Alignment agenda, but on five areas, including country ownership and results' management as well as mutual accountability.

The Declaration goes well beyond agreement on definitions. It expresses a shared view on at least the basics of how some central institutional variables fit together, and why they are important. In this way, it draws together international thinking on some of the core topics of concern to both sides of the official international aid relationship.

The title of the Declaration conveys a simple but important message: aid will be more effective if the actions and behavioural changes listed as commitments under the five headings are undertaken, and less if they are not. Moreover, development results depend to a significant extent on the same variables.

Underneath the consensus on these central propositions, there exist important differences of interpretation and emphasis. This reflects several factors. First, there are some unexpressed but generally recognised disagreements about how the variables Ownership, Alignment, etc. relate to each other. There is not a single, universally accepted view on these matters. This especially, as some of the underlying assumptions of the Paris Declaration are increasingly being questioned as the implementation process proceeds. Second, these views are, in the main, practical axioms that form part of the current worldview of particular agencies; they are based on experience, but not strongly rooted in a body of systematic evidence. Thirdly and most importantly, the "programme theory" or set of hypotheses that give the Declaration its logic has not been fully articulated.

It might be argued that these features of the Paris consensus make the commitments an unsuitable focus for evaluation. However – and on the contrary – it is quite normal at the beginning of an evaluation process that there is a degree of uncertainty or disagreement about details of how policy or programme objectives should be (or were intended to be) achieved. Greater clarity and possibly consensus about such matters is one of the outcomes expected from evaluation work. The challenge represented by evaluating the Paris commitments is in this respect quite typical.

Rationale for the Evaluation

The evaluation is designed to complement the monitoring of the implementation of the Paris Declaration, including the Medium Term Monitoring Plan, which has advanced through the Joint Venture on Monitoring, by deepening the understanding of the lessons emerging from the Paris Declaration surveys.[1] The surveys are rightly focused on whether partners are actually fulfilling their commitments measured across the 12 indicators and how the implementation is progressing – and only to a limited extent raise more fundamental questions related to why some of the changes are occurring, or why not. Also, the surveys are not designed with the attempt to measure whether the process actually leads to increased effectiveness and whether there are unintended effects of the processes of change set in motion.

The evaluation will therefore focus on causal effects which are not captured within the parameters of the Paris Declaration surveys with particular focus on envisaged outcomes and benefits of the aid effectiveness agenda. Also, the evaluation process makes it possible to raise more fundamental questions related to the theory of change that is implicit in the Paris Declaration and to give attention to unintended outcomes of the implementation process.

The value added of the evaluation can be summarised as follows:

- An evaluation can assess the inter-linkages between aid effectiveness and development results based on a long-term perspective.
- An evaluation can assess Paris Declaration implementation beyond progress towards the 12 targets. Further, while the surveys will identify *what* progress has happened, the evaluation can answer questions about *how* it happened and *why*, or *why not*.
- An evaluation can allow for an assessment of the Paris Declaration as a tool for aid effectiveness.
- An evaluation can provide an opportunity for in-depth analysis of both partner and donor behaviour and the inter-linkages between these.
- An evaluation can pursue selected themes for in-depth investigation.
- The evaluation is a tool for practical lesson learning.
- The evaluation can provide a cross-country/cross-donor perspective.

Constituencies for the evaluation

Since the findings of this evaluation will be of interest to multiple constituencies, its design and implementation must incorporate their needs and perhaps diverging concerns. At the first level, those constituencies include the signatories to the Paris Declaration: the governments of the partner countries and governing authorities and senior managements of development agencies. At the second level, those tasked with implementing the Paris Declaration: government, donor, civil society and private sector stakeholders in the partner countries as well as management and operational staff of donor/development agencies.

1 The first Survey Report summarizing the baseline results is scheduled for launch in March/April 2007.

The results of the evaluation therefore need to be communicated in different ways to different constituencies. A dissemination strategy will be developed at the appropriate time.

Overall management of the evaluation

The overall strategic guidance for the evaluation will be provided by an international Reference Group with a broad membership and co-chaired by a partner and a donor country representative and will convene three or four times in the course of 2007 and 2008. The Reference Group will appoint a small Management Group tasked with day-to-day management of the evaluation. The Reference Group and Management Group will be supported by a small secretariat hosted and funded by Denmark (see Section 3 for details on the management structure).

2. Purpose and Scope

Purpose of the evaluation

The overall **purpose** of the evaluation is to provide information about the end impacts and effects of increased aid effectiveness.[2] However, in order to provide a proper basis for assessment it has been decided to carry out the evaluation in two phases:

- **Phase one** will be conducted with the purpose of strengthening the aid effectiveness by assessing what constitutes better practices for partner and donor behaviour in regard to implementation of the Paris Declaration
- **Phase two will be conducted with the purpose of** assessing the linkages between aid effectiveness and development results.

Scope and Focus[3]

In terms of scope the evaluation will seek to address all levels outlined in the indicative framework for evaluating the Paris Declaration presented in Figure 2[4]:

- The necessary *inputs* are identified, using the language of the Paris Declaration, as "political support, peer pressure and coordinated action". It is assumed that this is a summary phrase that indicates the importance of a range of types of necessary input, on both the donor side and on the side of partner countries.
- The *outputs* are the actions and changes in behaviour to which the Declaration commits the signatories.
- With regard to *outcomes* two different levels are identified. Outcomes 1 which express how realisation of the Paris commitments is expected to make aid more effective. And outcomes 2 which express how this results in greater development effectiveness.
- *Impacts* are defined in the conventional way and refer to the final level of development results.

The **scope of evaluation *phase one*** will be on input and (to the extent possible) output levels. That is, this phase will begin by establishing, with the help of the Monitoring Survey, how far political support, peer pressure and coordinated action (from partners and donors as appropriate) are working to get the behaviour changes to which signatories have committed. "How, why and why not" questions at these levels would then be addressed. Further, the nature of the interactions between the behavioural changes specified in the Paris Declaration under the headings of Ownership, Harmonisation and Alignment, Results Management and Mutual Accountability will also be investigated in the evaluation.

The **scope of phase two of the evaluation** will be on outcome and impact levels assessing the underlying theory articulated by the model:

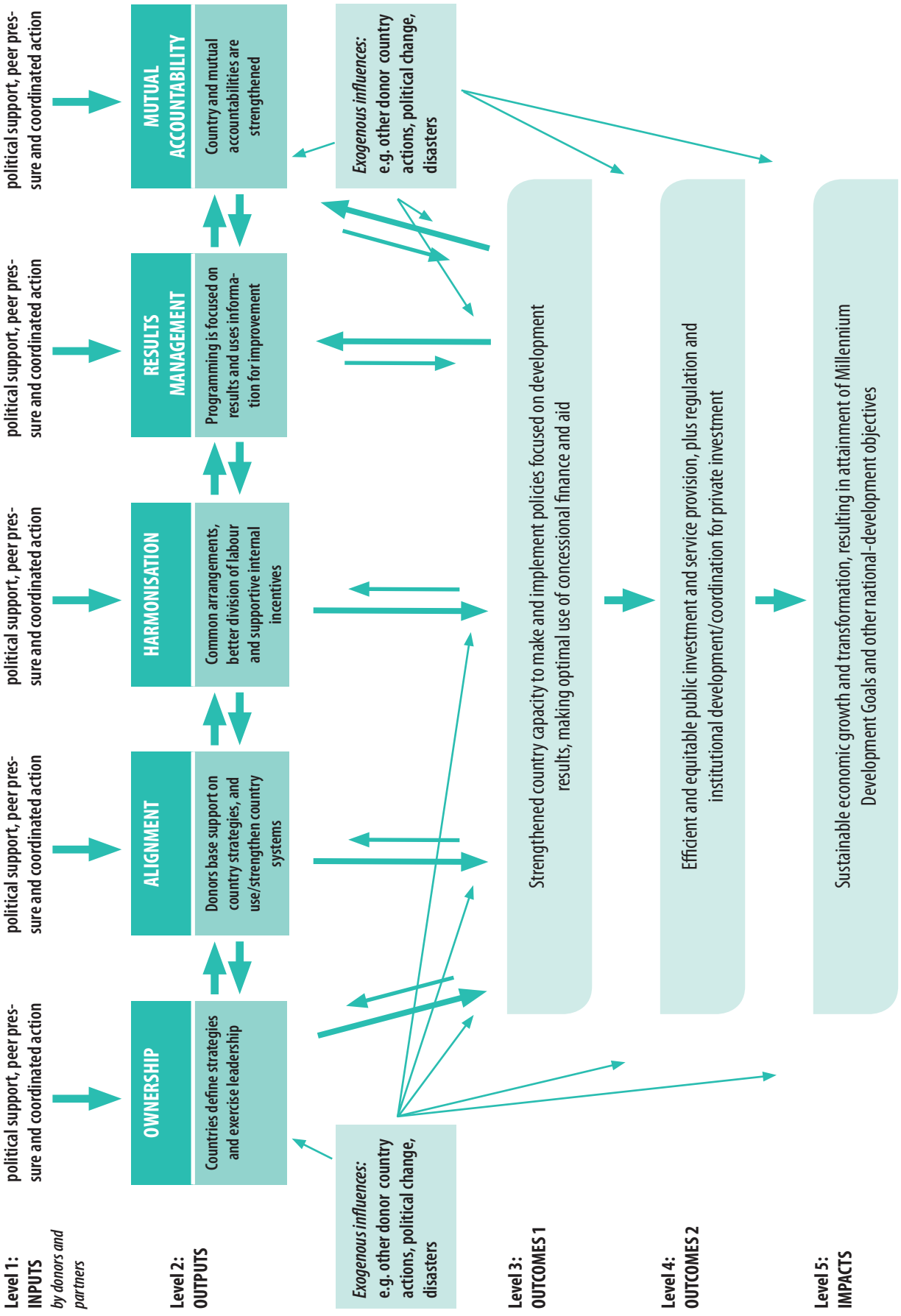
- That country ownership and the other outputs promised by the Paris Declaration would, if implemented together, strengthen country capacity to make and implement policies focused on development results and make good use of aid;
- That country capacity enhanced in this way would raise the quality of public investment and service provision, including regulation and institutional development for private investment; and
- That this would lead to better development results, such as growth and transformation, and the realisation of the MDGs.

2 There is no agreed-to definition of aid effectiveness, but a widely held consensus about the different changes in behaviour and practice which are together taken to comprise effective aid.

3 This section is a summary adaptation of a comprehensive discussion contained in the Options Paper prepared in 2006 for the OECD/DAC Network on Development Evaluation and may be downloaded from www.oecd.org/dac/evaluationnetwork.

4 The figure is taken from the "Options Paper".

Figure 2: An indicative outline for a possible evaluation framework for the Paris commitments



In terms of **focus**, phase one will focus on the practical lessons learned on implementation and contribute to ongoing aid effectiveness policy debates and to the HLF 3 on Aid Effectiveness in Ghana in 2008. The focus of phase two will be on a more *summative* investigation of which the results will be presented during the HLF 4 in 2010.

Main Evaluation Questions

Overall the evaluation will assess the relevance and effectiveness[5] of the Paris Declaration and its contribution to aid effectiveness. There is no agreed-to definition of aid effectiveness, but a widely held consensus about the different changes in behaviour and practice which are together taken to comprise effective aid. The first phase of the evaluation will seek to assess whether these changes are taking place while the second phase will seek to assess whether, if such changes has indeed taken place, this has led to improved development effectiveness.

Evaluation questions (phase one of the evaluation) can and should be specified according to the different levels of the indicative outline of the evaluation framework presented above.

The first level of the figure relates to *inputs* provided by donors and partners. Evaluation questions at this level would focus largely on what is happening or not happening and how/why.

The second level of the figure relates to the expected *outputs* (i.e. ownership, alignment, harmonisation, results management and mutual accountability). Evaluation questions at this level would focus on the relationship between the "what/how/why" issues.

The third level relates to *outcomes* and evaluation questions would be looking to ask whether things are changing in directions consistent with the programme logic and the degree to which that logic is complementary or conflicting over time (because of differences of interpretation, inherent inconsistency or exogenous influences).

Further, the evaluation questions need to focus on particular observed trends or events related to the implementation of the Paris Declaration. This may relate to a particular survey finding or report on one or more of the 12 indicators of the initial monitoring. Evaluation questions may also, however, focus on an observed level of the change specified by one of the 56 Paris Declaration commitments not covered by the 12 monitoring indicators (e.g. "Strengthen as appropriate the parliamentary role in national development strategies and/or budgets", PD Para. 48).

More specific evaluation questions are specified in the generic ToR for country and donor level evaluations annexed to this document.

5 See DAC Glossary of Key Terms in Evaluation and Results Based Management, OECD/DAC, 2002

Limitations of the evaluation

It may be also argued that the Paris Declaration is too recent to be evaluated. However, the five areas harmonisation alignment, ownership, mutual accountability and results' management are not new, and previous studies and evaluations (e.g. of the Comprehensive Development Framework[6]) may provide partial baselines.

Self-selected country and donor headquarters case studies have been adopted as an approach to permit detailed analysis of concrete experiences. There is, and can be, no claim that the self-selected countries and donor organisations are formally representative. Accordingly, while it will seek to develop understandings, insights, and conclusions relevant to many different countries, agencies and settings, this evaluation must not be regarded as an all encompassing, worldwide study. It is believed that, with careful attention to the context and limitations of the findings, what is learned from studying those countries can be adapted to inform similar efforts elsewhere.

3. Structure/Architecture of the Evaluation

The structure or architecture of the evaluation owes a lot to the Options Paper prepared in 2006 to review the feasibility of taking forward an evaluation process on the implementation of the Paris Declaration and summarized in DCD/DAC/EFF(2006)13.

The meetings of the Network on Development Evaluation in March and November 2006 and the WP-EFF meeting in July and October 2006 supported the proposed overall approach which suggests that the evaluation should be conducted as a) a series of country level evaluations designed within a common evaluation framework to ensure comparability of findings across countries while allowing flexibility for country specific interests and b) a number of donor evaluations (carried out primarily as desk work supplemented with interviews) that would look at how the Paris Declaration is finding expression in the policies and guidelines of a sample of donor organizations.

These two strands of evaluations should be complemented by short-term (2007-2008) and medium-term (2008-2010) programmes of analytical work which will draw together and analyse findings from the individual evaluation studies as well as other relevant studies. It is stressed that to the extent possible, the evaluations should build on and complement the joint monitoring exercise.

The architecture of the **second phase** of the evaluation (2008-2010) will be based on the findings of the synthesis report of the first phase of the evaluation. The actual design of the second phase will take place early 2008 and an outline presented to the HLF together with the results of the first phase.

6 Toward Country Led Development, The World Bank, 2003

Management Structure

In order to give strategic guidance to the evaluation an international Reference Group has been established comprising members of the DAC Network on Development Evaluation, representatives from partner countries, principally the members of the Working Party on Aid Effectiveness, and representatives for civil society. The Reference Group will be co-chaired by a partner and a donor country representative (Vietnam and Denmark) and will convene three or four times in the course of 2007 and 2008.

The Reference Group has appointed a small Management Group comprising Denmark, Netherlands, South Africa, Vietnam and UNDP[7] tasked with day-to-day management of the evaluation. This task involves developing the current draft Evaluation Framework ToR, coordinating and managing the joint evaluation process, guiding the component studies, developing the programme of analytical work and guiding the work of the team involved in the synthesis of the findings and recommendations. The Management Group will be chaired by one of the co-chairs of the Reference Group. The Reference Group and Management Group will be supported by a small secretariat hosted and funded by Denmark.

The roles and responsibilities of the Reference and Management Groups are detailed in Annex 1.

Conduct of the evaluation

As mentioned above, the architecture of the first phase of the evaluation (2007-2008) will comprise: country level evaluations; donor headquarter evaluations; thematic studies; and a synthesis of the three. In addition, a second phase aiming at assessing outcomes (aid and development effectiveness) will be designed and prepared.

Country level evaluations

The sampling frame for the country level evaluations will be a self-selection of partner countries willing to conduct such studies. However, the same purpose, focus, objectives and dimensions of the evaluation are to be covered in all country cases in line with the generic terms of reference for the country level evaluations Annex 2. Nonetheless, contextualisation is allowed in regard to the depth required of the various dimensions to be investigated in the respective countries.

Each evaluation should be managed in-country, led by a National Evaluation Coordinator appointed by the government and supported by an *advisory group* including relevant national stakeholders, including civil society, and Development Partners. Ideally, the advisory group should provide some standing capacity to follow up on evaluation issues in the future.

Key principles of independence and objectivity[8] need to be applied and will have to be assured locally. The respective governments and donors using either local funding mechanisms or donors' central evaluation funds should finance the evaluations. Each partner country should team up with a few donors to secure funding and technical support.

Evaluation findings would need to be discussed at country level between the respective countries and their Development Partners before being communicated to the Synthesis Team through the Evaluation Management Group.

The role and responsibilities of the National Evaluation Coordinators are detailed in Annex 2A.

Development Partner HQ level evaluations

Similarly to the sampling of country cases, there will be a self-selection process of donors willing to undertake a donor headquarter level evaluation. However, in this case contextualisation of the elements of the ToR is not deemed appropriate. Nevertheless, issues and points for attention may be added to the generic terms of reference (see Annex 3).

Each evaluation should be led by the Development Partner (preferably its independent evaluation department) or by another independent body and be supported by an *advisory group*, which should preferably include representatives of interested partner countries.

The role and responsibilities of the Evaluation Coordinators are detailed in Annex 3A.

Thematic studies

The Reference and Management Groups may initiate specials thematic studies to supplement the country level and donor evaluations. Thematic studies should **primarily be based on existing documentation (evaluations, research reports and other types of studies)** and could focus on topics such as:

Links between aid effectiveness and development effectiveness: Development effectiveness does not only depend on aid effectiveness – and improved aid effectiveness may not even be the most important factor in ensuring development effectiveness. A thematic study should therefore be launched to look into the possible links between the two and possibly also into other factors determining development effectiveness. This study should be coordinated with the planned Joint Evaluation of Total ODA.

Technical Cooperation: How are the PD principles for co-ordinated technical cooperation contributing to the development of more effective institutions? This study should build on previous studies and be coordinated with the proposed JICA/DfID study on "Effective TC for Capacity Development.

7 One partner country representative preferably from Latin America still needs to be identified

8 E.g. as specified in the OECD/DAC good practices for evaluations of development cooperation.

Untying of aid: The PD commits donors to continue to make progress on untying aid. To what extent has Development Partners actually untied their assistance and what are the key promoting or impeding factors for making progress on fully untying development assistance? The study should identify examples of benefits of fully untied aid.

Fragile states: What are the specific requirements and challenges related to the implementation of the Paris Declaration in fragile states?

Civil society: To what extent is the Paris Declaration relevant and applicable for development cooperation organised through NGOs/civil society? To what extent have and should civil society agents be involved in the implementation of the Paris Declaration? This study should only be undertaken if it is deemed necessary to supplement the work initiated by the WP-EFF in cooperation with the CSO Advisory Group.

Cross-cutting issues: Separate studies could be commissioned on the specific requirements and challenges relating to human rights, gender, the environment and HIV/AIDS. What impact has the implementation of the Paris Declaration had on these issues?

Some thematic studies will be commissioned and managed by the Evaluation Management Group while others will be undertaken by interested members (donors and/or partner countries) of the Reference Group coordinated and supported by the Management Group.

Synthesis

The purpose of the first phase evaluation is to assess effectiveness of aid by assessing what constitutes better practices for partner and donors. The Syntheses report be based on findings from the (i) country level evaluations; (ii) donor headquarter level evaluations, (iii) other completed and ongoing donor/joint evaluations that focus on aspects of the Paris Declaration agenda (e.g. ownership, partnership, general budget support, sector evaluations, etc.) and IMG-type reports[9]; and (iv) thematic studies. The use of multiple sources would to a large extent facilitate generalising the results form the country case study findings and the donor level evaluations.

The ToR for the synthesis work will be elaborated in May 2007.

The thematic studies and the drafting of the Synthesis Report will be contracted to independent evaluation teams/groups.

The Evaluation Management Group will manage the work on the synthesis report. Steps would need to be taken to ensure that the evaluation work-plan is integrated with the Joint Venture's Monitoring Medium Term Monitoring Plan (content of this Plan is still to be decided).

Specific Products of the evaluation

The specific products from the evaluation are the following:

- Country level evaluation reports
- Donor headquarter evaluation reports
- Thematic studies
- Synthesis report 2008
- Summary reports, Briefs etc.

The evaluation process should be seen as a continuing activity, with results appearing at different points in time before and after 2008. However, a key point in the time-line is the end of 2007, when substantive findings of the first phase of the evaluation would be needed to feed into the 2008 HLF. It is envisaged that a workshop will be held late 2007 to discuss preliminary findings from the country and donor level evaluations and thematic studies. This would be feasible within the suggested approach, with the synthesis work feeding on a number of country level and donor level evaluations as well as a variety of other sources and studies.

Timetable for the evaluation of the implementation of the Paris Declaration

2007		2008	
Jan – Mar	Agree Evaluation Framework	Jan – Apr	Synthesis of component evaluations (and other material)
Mar – Apr	Develop specific ToR for country level and donor evaluations.	April	Reference Group meeting/ workshop on synthesis report
Mar – May	Develop programme of thematic studies and analytical work	September	3rd High Level Forum
May – Oct	Country and donor lesson learning evaluations; thematic studies	Aug – Sep	Develop follow up study programme 2008 – 2010
Nov	International Workshop on emerging findings	Nov – 2010	Follow-up *summative* studies – to be decided

9 The Independent Monitoring Group in Tanzania, see: http://www.tzdpg.or.tz/index.php?id=20

Management structure for the evaluation of the Paris Declaration

Reference Group

The overall strategic guidance for the evaluation will be provided by an international Reference Group with a broad membership (see list below) and co-chaired by a partner country representative (Ms. Pham Thi Than An, Vietnam) and a donor country representative (Mr. Niels Dabelstein, Denmark). The Reference Group will convene three or four times in the course of 2007 and 2008. The Reference Group has appointed a small Management Group tasked with day-to-day management of the evaluation. The Reference Group and Management Group are supported by a small secretariat hosted and funded by Denmark.

Purpose:

Ensure buy-in to the evaluation process from different stakeholders (partner countries, Development Partners and civil society). Give strategic directions (guidance) for the evaluation. Ensure that adequate resources are provided for the evaluation.

Tasks/Responsibilities:

- Appoint members of the Management Group
- Endorse overall framework for the evaluation
- Endorse mandate for the Management Group
- Endorse choice of thematic /cross cutting studies
- Participate in Steering Group(s) for thematic studies
- Comment on generic (model) ToRs for the partner country and Development Partner HQ evaluations
- Comment on ToR for evaluations of thematic / cross-cutting studies
- Comment on ToR for the synthesis study
- Comment on draft synthesis evaluation report
- Endorse dissemination strategy
- Participate in dissemination of evaluation results
- Facilitate the provision of funds for the evaluation

Meetings

Meetings of the reference group will take place at strategic points in time. To the extent possible meetings should be organised back-to-back with other events in which several members participate (meetings of the DAC Network on Development Evaluation - EvalNet, Working Party on Aid Effectiveness - WP-EFF, Joint Venture on Monitoring - JV-M, etc.)

1st Reference Group meeting took place 5-6 March 2007 in Paris.

2nd meeting to coincide with a Workshop in November 2007 to discuss initial findings and issues emerging from country and Development Partner studies; (participation in the Workshop not limited to the Reference Group).

3rd meeting in March 2008 to discuss draft synthesis evaluation report.

4th meeting after the 2008 HLF in Accra to take stock and give directions for future work.

Between meetings the Management Group may seek endorsements and comments from the Reference Group by e-mail.

Membership

The Reference Group membership comprise:

- WP-EFF Partner-country representatives plus representatives of any other country undertaking country level evaluations.
- OECD/DAC Network on Development Evaluation members representing Development Partner countries/ agencies including UNDP's Evaluation Office representing UNEG and World Bank IEG representing IFIs.
- Reality of Aid/Ibon representing civil society organisations in partner countries.
- EURODAD/Bond representing civil society organisations in donor countries.
- AFREA, the professional evaluation association in Africa.

Management Group

A small Management Group is responsible for day-to-day coordination and management of the overall evaluation process under guidance from the Reference Group. The Management Group will be supported by a small secretariat hosted and funded by Denmark.

Purpose

Coordinate the overall evaluation process; manage its components as specified below and ensure progress according to time schedule end within budget.

Tasks/Responsibilities

- Consult the Reference Group on issues within its mandate
- Keep the Reference Group and other relevant stakeholders informed about progress
- Develop the draft evaluation framework
- Develop Model ToR for country and Development Partner level evaluations
- Develop a programme of thematic/cross cutting studies
- Develop ToR, structure and methodology for the Phase 2 summative evaluation
- Develop criteria for selection of consultants for the various evaluation components (country, Development Partner, thematic/cross-cutting studies and synthesis study)
- Advise and provide support to partner countries and Development Partners/agencies on the implementation of country and Development Partner evaluations incl. ToR, quality assurance and quality control. These tasks can be done directly by members of the Management Group or through consultants if necessary
- Assist and provide advise to partner countries and donors/agencies in selecting consultants for the individual evaluations (e.g. through provision of consolidated list of potential evaluators)

- Commission thematic /cross-cutting studies, the synthesis report, and other consultancies as necessary (e.g. select and appoint consultants and peer reviewers)
- Ensure that mechanisms for resolving disputes are in place
- Develop and implement communication and dissemination strategy
- Oversee budget, spending and accounting for the Trust Fund kept by Danida

Membership

Maximum 6 members
Up to three partner country representatives (At the moment Vietnam and South Africa represent partner countries. This needs confirmation by the WP-EFF partner caucus)
UNDP (Evaluation Office)
Denmark (Evaluation Department, Danida/Secretariat for the Evaluation of the PD)
The Netherlands (Policy and Operations Evaluation Department, Ministry of Foreign Affairs)

The Management Group may be supported by Advisory Groups established for specific thematic/cross-cutting studies.

Meetings

The Management Group will meet as necessary, to the extent feasible back to back with other meetings or by video/telephone conference. The Management Group may call on resource persons to attend.

Financing the Evaluation

The cost of developing the evaluation framework, the medium term programme of thematic studies and analytical work, the synthesis report as well as meetings, workshops, reporting, dissemination etc., will be financed from a Central Pool/Trust Fund managed by Denmark. The estimated cost is EUR 1,460,500. The Central Pool or Trust Fund and the Secretariat are fully funded by voluntary contributions.

Each partner country level evaluation should cost no more than USD 185,000. The cost of these evaluations should be borne by the Development Partners and partner countries involved preferably by pooled resources in the country. They may also be financed by contributions from Development Partners' Evaluation Departments. Several Development Partners have indicated interest in doing so.

Each Development Partner level evaluation is estimated at a maximum of USD 130,000. This does not include cost of possible fieldwork in partner countries[10]. The Development Partner evaluations should be financed by the Development Partner concerned.

10 The partner country level evaluations are conducted to investigate the implementation of the Paris Declaration at field level. In the event Development Partners have no structural aid relation in a sufficient number of countries in which the partner country level evaluations are conducted, Development Partners may consider conducting a field level investigation as part of their Development Partner level evaluation.

25 April 2007

First Phase of the Evaluation of the Implementation of the Paris Declaration

Generic TOR for Country Level Evaluations

1. Background and rationale

Alongside its strong focus on monitoring, the Paris Declaration also highlights the importance of an independent cross-country evaluation process. The Declaration states that this evaluation process should provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives and that it should be applied without imposing unnecessary additional burdens on partners.

In response to this commitment, the DAC Development Evaluation Network explored possible approaches to an evaluation. A two-phase evaluation was proposed. The first phase of the evaluation will focus on input and output levels, through a series of partner country, Development Partner[1] headquarters, and thematic evaluations. The second phase of the evaluation (up to 2010) will focus on outcome and impact levels. The evaluation will complement the monitoring of the implementation of the Paris Declaration, undertaken through the Joint Venture on Monitoring.

The proposed Evaluation has received strong support from the Working Party on Aid Effectiveness (WP-EFF) and the DAC Evaluation Network. An international Reference Group, comprising partner country members of the WP-EFF, members of the DAC Evaluation Network, and representatives of civil society, has been established to commission and oversee the evaluation.

The first phase will run from March 2007 to July 2008 and will aim at providing information on the 'HOWs and WHYs' of the implementation process of the Paris Declaration in order to deliver practical lessons and help take stock of implementation performance at the 3rd High-Level Forum (HLF) on Aid Effectiveness to be held in Ghana.

The second phase of the evaluation will run from the HLF in Ghana in 2008 up to the 4th HLF in 2010. This second phase will focus on whether the intended long-term effects of the Paris Declaration are being achieved.

2. Purpose and Objectives

While the **overall purpose** of the evaluation is to provide information about the end impacts and effects of implementation of the Paris Declaration principles; the first phase of the evaluation will only focus on input, the implementation process and (to the extent possible) on the level of outputs: Are Development Partners and partner governments doing what they said they would do? If not, why not? What difference is it making at country level?

The **specific purpose** of the evaluation is to assess what constitutes better practices for partner and Development Partner behaviour in regard to implementation of the Paris Declaration. Starting from the premise that implementation of the Paris Declaration principles will lead to more effective aid, emphasis will be on *learning* by asking the twin questions: are we doing the right things and, at the output level, are we doing things right?

The **objectives** of the evaluation are:

- To deepen the understanding of the lessons emerging from the Paris Declaration's baseline survey conducted in 2006.
- To facilitate global learning on aid effectiveness and to facilitate a more efficient implementation of the Paris Declaration by the evaluated countries.
- To make specific recommendations to the evaluated countries and to the global aid community for improving aid effectiveness.
- To provide the basis for the second phase of the evaluation.

1 By Development Partners is meant donors, multilateral agencies, IFIs and other organisations engaged in development assistance

3. Scope and Focus of the First Phase of the Evaluation

Since the endorsement of Paris Declaration (PD) in March 2005, at least 60 countries have taken steps to implement the PD. Of these, 34 countries have undertaken the 2006 Survey on Monitoring the PD. From the Survey Report, which summarised the baseline findings[2], and from country-specific implementation experiences recorded in a range of different studies, evidence on three dimensions of the aid effectiveness agenda can be identified:

- The utility of the PD itself as a tool for aid effectiveness[3];
- The change of Development Partner behaviour in terms of alignment of their policies, systems and procedures to implement the PD commitments; and
- The change of partner behaviour, with ownership as the key entry-point

These three dimensions will constitute the **main scope** of the evaluation.

The Paris Declaration as a Tool for increased Aid Effectiveness.

Regarding t**he utility of the Paris Declaration as a tool to foster aid effectiveness** three core issues have been identified:

a. Clarity. In many countries it has been unclear how implementation of commitments under the PD should be interpreted and assessed; which has lead to potential lack of parity in the monitoring process. First of all, most countries have experienced difficulties in transposing the various indicators of the PD to the country context. Indeed according to the Survey Report, few country groups seem to have been able to reach a consensus on locally adjusted definitions. Especially the indicators concerning capacity strengthening (indicators 4 and 6) and programme approaches (indicator 9) have given rise to extensive discussion and, in some instances, further normative work.[4] But also indicators providing a relatively unambiguous measure of progress, such as indicator 5 for alignment to country systems and procedures, have been subject to measurement problems.[5] As a result of the perceived lack of *clarity*, the lowest denominator has often been applied allowing Development Partners to place their performance closer to the targets than what would otherwise be the case.

It comes therefore as no surprise that the Survey Report cautions against a naïve utilisation of the baseline data and that firmer steps are needed to ensure the standardisation of measures for the next survey rounds.

b. Relevance. Also the *relevance* of some of the Paris Declaration Indicators has been questioned during implementation in regard to the perceived main aid effectiveness issues in-country. Some of the indicators appear too narrowly defined to capture the intended commitment. E.g. ownership dimensions which are crucial to the whole aid effectiveness venture are only measured by the proxy indicator of the existence of national development plans, while the interest of the country's senior officials and its politicians in setting the agenda for development efforts is not captured. Another example is the reduction of parallel implementation units (PIUs) as a sole measure of capacity building. Furthermore, some of the commitments included in the PD are not captured in the 12 indicators such as commitments concerning donor-to-donor delegation and complementarities of development assistance – issues critical to the harmonization agenda. As a result, the implementation of these commitments at country level, have proven difficult to pursue. In addition, current country progress measures considered critical to the attainment of the aid effectiveness agenda are not captured by the PD indicators such as harmonization of salary supplements and allowances, and codes of conduct for capacity building.

c. Coherence. Thirdly, the *coherence* of the Paris Declaration, in terms of the inter-linkages between the various commitments and indicators, has also been challenged. In particular, alignment to partner policies *and* alignment to financial management and procurement systems are experienced to be contradictory – at least in the shorter term – due to inefficient governance systems which slow programme implementation and hence the meeting of the MDGs. In the rural water sector in Benin for example, the disbursement level fell from 108 per cent in 2004 to 55 per cent in 2005 due to new alignment measures – a difference in disbursement that had a direct influence on the number of water points installed.[6]

Development Partner Behaviour

In regard to **Development Partner behaviour** required to meet the PD commitments, a number of issues have been identified.

a. First of all, a **disconnect between Development Partner headquarter policies and in-country practices** has been noted, which has led partner countries to increasingly voice their concerns about the slow pace of change in Development Partner practices. In particular, Development Partner driven technical cooperation and lack of progress on untying aid have been highlighted as areas of concern. While there is agreement that Development Partner *commitment* is critical for even PD implementation, the picture is less clear in terms of the entry point for reinforcement – headquarter or field offices, or both. For some

2 The survey report is scheduled for release March/April 2007.

3 There is no agreed-to definition of aid effectiveness, but a widely held consensus about the different changes in behaviour and practice which are together taken to comprise effective aid.

4 See e.g. *PIU Reference Matrix* of Cambodia: http://www.oecd.dac/dataoecd/42/58/37105997.pfd

5 E.g. according to the Survey Report, for several countries it is not clear that all of the programmes included as using country budget execution systems are accurately described as « subject to normal country budgetary execution procedures, namely procedures for authorisation, approval and payment, as specified in the survey's Definitions and Guidance paper.

6 Mise en œuvre de la Déclaration de Paris au Benin. COWI, 2005

Development Partners there is a tendency for the PD to be owned by policy staff at headquarters level with country level staff seeing harmonisation tasks as getting in the way of efforts to achieve tangible development results. For other (typically project-oriented) Development Partners, the picture is reverse with country level staff experiencing difficulties in engaging in collaborative efforts due to legal liability and financial control concerns of headquarter. Indeed, in some instances the legal liability concerns of Development Partner HQs have led to initial below-PD commitments at field level.

b. Communication and Understanding. While the Development Partner' headquarters/field level disconnect is a real issue, country experiences demonstrate that leadership on PD commitments is first and foremost person-borne reflecting, commitment/ownership differences of individual staff as well as uneven *capacities*. Indeed, a single Development Partner representation might represent very different approaches to aid effectiveness as has been registered during PD roll-out with some staff embracing the PD agenda while other staff sees collaborative efforts as time-consuming tasks with limited bearings on development results. As a consequence, Development Partners and National Coordinators alike have called for more effective and unambiguous communication on PD issues between headquarters policy advisers and operational staff; this especially is the case in countries where the aid effectiveness agenda has been launched only recently.

c. The ***incentive systems* of the Development Partners** have been reported as a critical parameter for efficient Development Partner behaviour. The baseline survey suggests that a number of obstacles work against Development Partners' ability to meet the commitments made in Paris. These include amongst other things, excessive pressures for disbursements, lack of flexibility on staff time, and high staff turnover, which taken together create incentives that reward short-term benefits over longer term, and collective gains. Further, the Development Partners' need for visibility and influence at times takes precedence over the commitment to harmonized approaches – a tendency which has been especially noted in intervention areas such as decentralization where development models are seen as 'export-vehicles' of different Development Partner systems. Similarly, the same need for visibility limits the embracing of delegation – even when Development Partners are willing to harmonize and align - as illustrated by the proliferation of Development Partner groups *and* Development Partner group members. It seems that career prospects for Development Partner staff are improved by the maintenance of individual Development Partner profiles through active participation in Development Partner coordination. Such incentives may result in permanently high transaction costs.[7]

Partner Country Behaviour

Partner behaviour is a critical factor for a successful implementation of the PD. As mentioned above, the starting point for aid effectiveness is that the partner countries assume leadership and responsibility for their own development in response to their citizens needs and own development priorities. And, measured in the form of the proxy indicator of national development plans and the degree to which they are prioritized and linked to budgets, expenditures and results (indicator 1), the baseline findings show that country ownership needs substantial strengthening. Partner leadership in aid coordination is another major concern. But there is no specific indicator dedicated to measure this dimension of ownership. However, the variable is measured indirectly through other sections of the survey: the degree to which aid data are captured in the national budget or the government accounts (indicators 3 and 5) and the use of Programme-Based Approaches, for which a government-led policy framework is a necessary condition (indicator 9). Fortunately, the survey findings demonstrate that partner governments are more inclined than they were only a few years ago to assume a leadership role in aid coordination as demonstrated by the recent proliferation of Aid Policies.

a. As indicated above, these proxy indicators for **ownership** are increasingly being viewed as too limited to demonstrate the complexity of the ownership dimension. First and foremost, the fact that a given partner country holds different ownership claimants, as reflected by an **uneven *commitment* to national development policies** and aid policies, is not addressed. Whose ownership is to be strengthened? Is it the executive or the legislative arm of government? Is it politicians or officials? Is it central or local government? Is it the Ministry of Planning and Finance or the sector ministries?[8] Further, to what extent is this ownership inclusive, especially with respect to key civil society constituencies' relation to human rights, gender equality and the environment? These questions are important to clarify when implementing the PD, as the approach to national development and aid policies differs strongly depending on the partner stakeholder. E.g. one of the fundamental tenets of the PD – namely the programme approach – has during PD implementation mainly been championed by the central ministries, such as ministries of finance, while sector ministries have been reported seeing budget support (general *and* sector) as a relinquishing of their power. Another example is the oft experienced resistance of central governments to the devolution of competences and funds to local governments in the context of decentralisation.

b. *Capacities* of ownership in terms of adhering to and communicating the underlying ideology of partners' development plans are critical. While the World Bank criteria for the assessing the state of operational national development plans are commonsensical, they do not say anything about the content of the countries' development policies. Nonetheless, in practice conflict has been experienced between Development Partners seeking an MDG-driven poverty reduction strategy and partner

7 Ole Winckler Andersen and Ole Therkildsen. *Harmonisation and Alignment: the Double-Edged Swords of Budget Support and Decentralised Aid Administration.* Danish Institute for International Studies. 2007.

8 Richard Batley. *Mozambique: The cost of 'owning' aid*. Public Admin. Dev. 25, 415-424 (2005).

countries wanting a growth-oriented development strategy with major infrastructure projects as the key elements.[9] Further, experiences show that sector ministries routinely accept Development Partner funding which is non-aligned to partner sector policies with the consequence of having multiple approaches to e.g. cost-sharing within a given province depending on the development philosophy of the Development Partner.

c. Finally, the extent of ownership of national development results has been an issue for discussion with **partner *incentive systems* for aid effectiveness** being the entry point. In several countries, Development Partners have been voicing concerns about partner governments' slow progress on key reforms, leaving the Development Partners without a programme framework and/or systems for alignment. Further, weak leadership has also been noted in regard to ensuring that emerging donors such as China and global funds adhere to the commonly agreed aid effectiveness principles. Indeed, in Zambia the provision of non-concessional funding from non-JASZ signatories has been stated as a key risk to the debt sustainability of the country.[10]

Emerging Results

While the PD might be too recent for the capturing of outputs, **emerging aid effectiveness** results might be recorded either in the form of *process* results and/or *outputs* based on pre-PD aid effectiveness initiatives[11]. In regard to process results the Survey Report has noted an improved understanding at country level about the PD objectives and commitments which is expected to be translated into an actionable agenda for a number of countries. There is evidence that "dormant" country harmonisation processes have been to some degree revived as actors within government involved in the survey had an important instrument for instigating change. Emerging outputs are yet to be collected in a coherent manner. However there are indications that for countries which have been engaged in the aid effectiveness discussions for some years, harmonisation efforts (such as division of labour exercises) have led to fewer overlaps of assistance. Further, the managing for results approach – linking resources with results – has at sector level in some instances led to more strategic partner-donor dialogue (e.g. in terms of realistic projections of fulfilment of the MDGs) as compared to what has previously been noted.

4. Limitations of the evaluation

The selection of countries for evaluation is based on a process of auto-selection which does not enable the establishment of a proper sampling frame. However, considering the high number of countries already volunteering for evaluation – a total of 10 countries: Bangladesh, Bolivia, Mali, the Philippines, Senegal, South Africa, Sri Lanka, Uganda, Vietnam and Zambia – the sampling frame is considered sufficiently large and balanced in terms of region and aid dependency and per capita income, to abate this concern. As 'fragile states' are not represented in the sample, a thematic study has been proposed.

The output level will to the extent possible, be addressed by capturing emerging results. Hence, the first phase evaluation **will not** assess the underlying assumptions of the PD; namely that increased aid effectiveness leads to development impact. Instead, the assumptions will be assessed (in the extent possible) during phase two of the evaluation, evaluating the same countries. Other assumptions underlying the PD may however be assessed, i.e. that harmonization and alignment, ownership and mutual accountability may form the necessary preconditions leading to aid effectiveness.

5. Evaluation Questions

As mentioned above the evaluation will focus on learning by asking the twin questions: 'are we doing the right things?' (Relevance) and 'are we doing things right?' (Effectiveness) Hence, the outlined evaluation questions below shall be taken as explorative starting points for the assessments.

While the issues to be evaluated are split 'neatly' into the three dimensions or aspects: **Utility of the PD; Development Partner Behaviour; and Partner Behaviour;** it is understood that strong inter-linkages exist. For example, partner ownership of development efforts depends to a significant degree on Development Partner behaviour, while several dimensions of alignment depend on actions by partners. To the extent possible, the country level evaluations should capture these inter-linkages.

All 10 country level evaluations are expected to cover these three main dimensions critical to the implementation of the aid effectiveness agenda. However, in order to accommodate for a variety of country circumstances the country level evaluations may differ in the degree of focus and detail.

Assessment of the Paris Declaration:

- What is the perceived *clarity* of the PD commitments and indicators? If further clarification work has been needed, which agreements have been reached by the partners (country government and Development Partners) and are the agreements satisfactory?
- What is the perceived *relevance* of the PD commitments and indicators? What are perceived as the critical aid effectiveness issues in country? Are these addressed by the PD principles? Are all elements perceived critical to aid effectiveness in the country currently addressed?
- What is the perceived *coherence* of the PD? Are any of the commitments and indicators and/or derived implications experienced as contradictory?

9 Although the two development approaches may be mutually dependent with commitment to growth being a necessary (but not significant) prerequisite for poverty reduction.

10 Joint Assistance Strategy of Zambia. 2007.

11 Toward Country Led Development: An Independent Evaluation of the Comprehensive Development Framework, the World Bank; 2003; The Drive to Partnership: Aid Coordination and the World Bank, The World Bank, 2001; The Round-Table Mechanisms, UNDP, 1998, DP/1998/CRP.2, New York; Evaluation of General Budget Support, DFID 2006).

Assessment of Development Partner behaviour:

- Are Development Partner field staff aware of the PD commitments? Are they *committed* to implementing the PD? How has this been demonstrated in Development Partner practices? Do Development Partner field staff across sectors and themes address PD commitments evenly? Are Development Partner HQ and field offices aligned with respect to PD significance and implementation?
- Do the Development Partners work coherently to support nationally led development frameworks such as the national plan, PRS or UNDAF?
- Do Development Partner *incentive systems* motivate field staff to fulfil PD commitments? (Have incentive systems changed to reflect PD commitments?)
- Do Development Partner field staff (including project/programme staff) hold sufficient *capacities* to implement the PD?

Assessment of partner behaviour:

- What do partners understand as 'ownership'? Who are the key claimants to ownership? Which national development and aid policy objectives hold real political power in terms of high government *commitment*? How well do these align with PD commitments? How are internal alignment conflicts resolved? Has the implementation of the PD principles had an impact on the level of ownership inclusiveness in regard to civil society, marginalised groups, and other national bodies?
- Do partner stakeholders have *capacities* to communicate and adhere to partner national development and aid policies? Has the nature of partner ownership given rise to change in Development Partner-partner country relations? If conflictual, how was the conflict resolved? Are emerging donors such as China more or less attuned to partner country needs?
- Do the partner country's *incentive systems* motivate staff to fulfil national development and aid policy commitments?

Capturing of emerging outputs:

- What are the emerging intended and unintended effects of the aid effectiveness initiatives set against the five axes of the PD – ownership, alignment, harmonisation, results-based management, mutual accountability? Is there evidence of changes? Has the roll-out of the aid effectiveness agenda had effects on development co-operation priority-setting, including cross-cutting priority issues?
- What are the transaction costs/cost-benefits of implementing the PD commitments of the five axes? And, in what directions have the transaction costs/cost-benefits moved since implementation of the PD commitments?

6. Structure of Work

The development of this generic ToR into country specific ToRs should be guided by the "Guidance for Management of Country Level Evaluations" (Annex 2A). The evaluation should be conducted in three phases:

Inception Phase. Based on the adapted country terms of reference, the contracted evaluation team will develop an inception report (30 pages maximum) including:

- A contextualised evaluation approach and framework based on the outlined evaluation questions of the present generic ToR;
- A sampling frame (sector- and geographical focus) including the identification of relevant information sources;
- Data collection methods and draft instruments (interview guide, questionnaires, etc.);
- Processes for institutional learning during the evaluation; and
- A detailed work plan.

The Evaluation Management Group should be invited to review and comment on the draft Inception report. If at all possible there will be an Inception Workshop/Meeting of all evaluation teams to discuss and compare approaches, before fieldwork is undertaken to share ideas and understanding and to try to encourage comparability in approach and conceptual frameworks including evaluation indicators and criteria.

Data collection and report drafting Phase.
The evaluation questions listed above are intended to be posed to Development Partner and partner country stakeholders alike, with a focus on *perceptions of changed behaviour.* Further, it is recommended to also include civil society stakeholders in the evaluation process.

The drafting of the report will be facilitated; adhering to the country level evaluation report outline. The country level evaluation report should be of maximum 50 pages including the executive summary.

Consultation and Finalisation Phase.
Evaluation findings would need to be discussed at country level between the respective country and its Development Partners and other stakeholders (the reference group)before being finalised and communicated to the Evaluation Management Group.

7. Composition of Teams

The evaluation team should comprise the following key skills: Advanced knowledge and experience of aid effectiveness and development policies including that of the Paris Declaration. Advanced knowledge and experience of programme approaches (General Budget Support and Sector Wide Approaches). Knowledge and experience of the country in question. Knowledge of and training in evaluation methodology including process and participatory evaluation.

Team members should reflect a gender balance and comprise national and regional/international consultants.

8. Timing and Conduct of Work

The timetable for the evaluation is as follows:

2007	
January – March	Agree Evaluation Framework
April – May	Develop specific ToR for country level evaluations
May – June	Contract evaluators
May – October	Country lesson learning evaluations
June or July	Possible Inception Workshop
September/October	Draft country level evaluation reports
November	International Workshop on emerging findings
November-December	Finalize Country reports for publication

25 April 2007

First Phase of the Evaluation of the Implementation of the Paris Declaration

Generic TOR for Development Partner[1] HQ Evaluations

1. Background and rationale

Alongside its strong focus on monitoring, the Paris Declaration also highlights the importance of an independent cross-country evaluation process. The Declaration states that this evaluation process should provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives and that it should be applied without imposing unnecessary additional burdens on partners.

In response to this commitment, the DAC Development Evaluation Network explored possible approaches to an evaluation. A two-phase evaluation was proposed: The first phase of the evaluation will address input and output levels, through a series of partner country, Development Partner headquarters, and thematic evaluations. The second phase of the evaluation will address outcome and impact levels. The evaluation will be designed to complement the monitoring of the implementation of the Paris Declaration, including the Medium Term Monitoring Plan, which has advanced through the Joint Venture on Monitoring.

The proposed Evaluation received strong support from the Working Party on Aid Effectiveness (WP-EFF) and the DAC Evaluation Network. An international Reference Group has been established, comprising partner country members of the WP-EFF, members of the DAC Evaluation Network and representatives of civil society, to commission and oversee the evaluation.

The first phase will run from March 2007 to July 2008. It will provide information on the 'HOWs and WHYs' of the implementation process of the Paris Declaration, to deliver practical lessons and help take stock of implementation performance at the 3rd High-Level Forum (HLF) on Aid Effectiveness to be held in Ghana (September 2008).
The second phase of the evaluation will run from the HLF in Ghana in 2008 and up to the 4th HLF in 2010. This phase will focus on whether the intended, long-term effects of the Paris Declaration are being achieved.

2. Purpose and Objectives

While the **overall purpose** of the evaluation is to provide information about the end impacts and effects of the steps taken in order to increase aid effectiveness; the first phase of the evaluation will only focus on the relevance and effectiveness of the input and (to the extent possible) output levels.

The **specific purpose** of the evaluation is to assess what constitutes better practices for Development Partner headquarters in implementing their Paris Declaration commitments in order to contribute to increased aid effectiveness. The emphasis will be on learning, by asking the twin questions: are we doing the right things and are we doing things right?

The **objectives** of the Development Partner level evaluation are:

- To deepen our understanding of the lessons emerging from the PD baseline survey.
- To facilitate global learning on aid effectiveness through the evaluation processes and to facilitate more efficient implementation of the Paris Declaration.
- To make specific recommendations both to the evaluated Development Partners and to the global aid community for improving the aid effectiveness.
- To provide the basis for the second phase of the evaluation.

3. Scope and Focus of the Evaluation

Since the endorsement of Paris Declaration (PD) in March 2005, most Development Partner agencies have made major efforts to implement the PD within their organisations and communicate the importance to their staff. A large majority of DAC members, for example, have developed corporate

1 By Development Partners is meant donors, multilateral agencies, IFIs and other organisations engaged in development assistance

action plans to implement the PD and five of them have informed their national parliaments. Nonetheless, the Survey Report[2] summarizing the baseline findings, as well as different studies recording country-specific implementation experiences, highlight that these corporate commitments are not always matched by practices. Three explanatory dimensions have been identified as contributors to Development Partner behaviour: **(a) commitment, (b) capacity building, and (c) incentive systems in terms of their alignment to the Paris Declaration.** These three dimensions will constitute the **main scope** of the evaluation.

a. Commitment: The Paris Declaration calls for a radical new way of delivering aid. Country strategies are no longer to be formulated by individual Development Partners. Instead, with the emphasis on partner ownership, Development Partners' co-operation strategies are to be guided by partner government needs-based demands in an aligned and harmonized manner. This may explain why the Survey Report, in line with good practices for institutional reform, **has Development Partner** *leadership* **as the most important factor for ensuring commitment to PD objectives**. However, the manner in which effective leadership is to be enacted is less clear, as the emphasis on demand-driven development cooperation challenges the current reality of HQ policies, programmes, and procedures being driven by Development Partner administrative *and* political concerns.

For example in Zambia, the government's implementation of a division of labour, determining which Development Partners should intervene in which sectors has been positively embraced by the more than 20 different bilateral and multilateral Development Partners providing support to Zambia. Nonetheless, some Development Partners have voiced their concerns over the new sector distribution – especially when the new distribution requires an exit from social (MDG-focused) sectors often enjoying strong backing from donor constituencies and the donor country's own public commitments.

Similarly, with ownership, the use of conditionalities as an instrument for reform is challenged. Instead Development Partners are now increasingly designing programmes (more) focused on policy dialogue in support of identified drivers for changes in the partner countries. Nonetheless, the usage of process indicators for release of e.g. general budget support is still widely applied through the Performance Assessment Frameworks (PAF). This might also explain the weak correlation between the quality of a partner country's Public Financial Management system and the level of alignment noted in the Survey Report: "other factors than quality of systems are affecting Development Partners' willingness to use them".

Further, other than the Development Partner/partner country schism, a disconnect between headquarter policies and in-country practices has been noted. For some Development Partners it may be the case that the PD is owned by policy staff at headquarter level with country level staff seeing harmonisation tasks as getting in the way of efforts to achieve tangible development results. For other (typically project-oriented) Development Partners, the picture is the reverse, with country level staff experiencing difficulties in engaging in collaborative efforts due to legal liability and the financial control concerns of their headquarters. Indeed, in some instances the legal liability concerns of Development Partner HQs have led to initial below-PD commitments at field level. This is why the Survey Report recommends[3] that Development Partner agencies make an effort to review procedural and legal frameworks so that the rules, procedures, or practices that work against the PD commitments can be identified.

b. Capacities: Also within Development Partner offices, whether at HQ or at field level, uneven commitment to PD roll-out may be found, demonstrating that leadership on PD commitments reflects first and foremost the commitment/ownership of individual members of staff as well, as *uneven capacities between different staff employed by the same Development Partner.* Indeed, a single Development Partner representation might represent very different approaches to aid effectiveness. As a consequence, Development Partners and National Coordinators alike have called for **more effective communication on PD issues between headquarter policy advisers and operation staff**; this especially in countries where the aid effectiveness agenda has been launched only recently.

Furthermore, the devolution of authority to Embassy/field office level may be inadequate to allow for an adequate response to PD commitments. In particular decisions concerning the granting of general budget support tend to be heavily centralized at HQs. A head of a donor field office illustrated the oft-seen country situations with these words: "It's a 'black box'. We do not know how many funds are budgeted, on what conditions they are granted, and when they are scheduled for transfer. We only know that HQ is going to grant general budget support to the country sometime this year." It goes without saying that such donor behaviour also goes against the PD commitment of rendering aid more predictable.

Linked to the issue of devolution is the issue of transaction costs and resourcing. The Survey Report stresses that more effective aid is not necessarily aid delivered cheaply. Indeed, according to the World Bank, preparation of coordinated multi-Development Partner programmes typically require 15-20 per cent more staff and budget resources that traditional stand-alone projects. These costs constitute an up-front investment in doing business in accordance with the PD (assuming that coordinated aid is more effective) and should be factored into operational budgets and allocation of staff time. Several Development Partners have started to decentralise staff resources as a consequence of the new aid effectiveness agenda, but so far no increases in operational budgets have been noted. Many countries are also concerned about the

2 The Survey Report is scheduled for release in March/April 2007.

3 Survey Report (Final Draft 20 March 2007) p. 46.

costs of delivering aid, and whether it is effectively reaching the poorest people for whom it is intended rather than being spent on the Development Partner's administrative costs – this is a legitimate concern, and one which must be examined even at the level of perception in Phase One.

c. Incentive Systems of the Development Partners have been reported as a critical parameter for efficient Development Partner behaviour. The baseline survey suggests that a number of obstacles work against Development Partners' ability to meet the commitments made in Paris. These include amongst other things, inappropriate pressures for disbursements, lack of flexibility on staff time, and high staff turnover, which taken together create incentives that reward short-term benefits over longer term and collective, gains.

Further, the Development Partners need for visibility and influence takes at times precedence over the commitment to harmonised approaches – a tendency which has been especially noted in intervention areas such as decentralisation where development models are seen as 'export-vehicles' of different Development Partner systems. Similarly, experiences demonstrate that the same need for visibility limits effective delegation – this even when Development Partners are willing to harmonise and align – as illustrated by the proliferation of Development Partner groups *and* Development Partner group members. It seems that career prospects for Development Partner staff are improved by the maintenance of individual Development Partner profiles through active participation in Development Partner coordination. Such incentives may result in permanently high transaction costs.[4]

Focus

The **focus** of the evaluation will be on the input level, through the assessment of the three dimensions (commitment, capacity building and incentive systems) in terms of their alignment to the PD commitments. Outputs will be captured through the country level evaluations in the form of field office behaviour. Hence, the evaluation will not at this stage seek to assess the underlying assumption of the PD; namely that increased aid effectiveness lead to greater development impact. This will be assessed, to the extent possible, during the second phase of the evaluation.

The evaluation work will primary involve a documentary review (policy documents, instructions, guidelines, annual plans) supplemented by a questionnaire survey focused on the embassies / country offices located in those countries of the 10 countries which have volunteered to conduct a partner country level evaluations in which the Development Partner operates. This type of data collection will need to be supplemented by structured interviews with key respondents at HQ level.
Development Partners may consider conducting a field level investigation in the event they do not have representation in a sufficient number of countries in which partner country level evaluations will be conducted.

4. Limitations of the evaluation

The selection of Development Partners to conduct the evaluation at headquarter level is based on a process of auto-selection which does not enable the establishment of a proper sampling frame. In order to match the number of partner country level evaluations (ten in total), it is preferable that an equal number of Development Partner level evaluations be conducted. A total of 10 Development Partner level evaluations will be a sufficiently large sampling frame provided large bilateral and multilateral Development Partners as well as small bilateral donors are included.

5. Evaluation Questions[5]

As mentioned above the evaluation will focus on learning by asking the twin questions: 'are we doing the right things?' (Relevance) and 'are we doing things right?' (Effectiveness). The evaluation will be particularly interested in examples of where potential obstacles to implementation of the Paris Declaration have been identified, and how these have been overcome, and with what results? Hence, the outlined evaluation questions below shall be taken as explorative starting points for the assessments.

Assessing leadership

- How has the Paris Declaration's emphasis on demand-driven development cooperation been reflected in Development Partner development policies, programmes and procedures? Has the implementation of the PD affected Development Partner development co-operation priority-setting? Has the role of Development Partner HQ/field offices been adapted to the aid effectiveness agenda? If not, why not?
- How the PD is owned at Development Partner HQ level? How is the PD acknowledged at governing body/parliamentary level and by civil society? What are the potential conflicts with other political / administrative systems, and what is being done to resolve these?
- Are Development Partners content that they are fulfilling their PD commitments including implementation of the DAC Principles for Good Engagement in Fragile States? If they have concerns, what are the reasons for these? Are the concerns linked to the relevance and coherence of the PD commitments and indicators? Are there ways in which these might be overcome?

Assessing capacity development

- What is the level of staff knowledge and understanding about aid effectiveness and its operational implications, particularly in the field?
- Have specific instructions, guidelines, operational directives evaluation criteria been disseminated to staff to

4 Ole Winkler Andersen and Ole Therkildsen. *Harmonisation and Alignment: the double-edged swords of budget support and decentralised aid administration.* Danish Institute for International Studies. 2007.

5 The evaluation questions are partly derived from the *DAC Peer Review Content Guide*: Chapters One to Five. February 2007.

stimulate implementation of the PD implementation plan?
- How is delegated authority structured, and why? Have there been any changes to procedures to meet PD commitments? Is the development co-operation organisation/agency sufficiently decentralised (staff, resources, delegation of authority) to address field-based aid management in line with the PD?

Assessing incentive systems
- Are there specific incentives provided by the agency – e.g. for recruitment, performance assessment and training – for management and staff to comply with the PD objectives of ownership, harmonisation, alignment and results orientation?
- Are there any perceived disincentives, in respect of other agency priorities?

6. Structure of Work

The development of this generic ToR into agency specific ToR should be guided by the "Guidance for Management of Development Partner Level Evaluations". The evaluation should be conducted in three phases:

Inception Phase. Based on the adapted terms of reference, the contracted evaluation team will develop an inception report (30 pages maximum) including:
- A contextualised evaluation approach based on the outlined evaluation questions of the present generic ToR;
- A sampling frame including the identification of relevant information sources;
- Data collection methods and draft instruments (interview guide, questionnaires, etc.);
- Processes for institutional learning during the evaluation; and
- A detailed work plan and methodology.

The Evaluation Management Group should be invited to review the Terms of Reference and the draft Inception report. If at all possible there will be an Inception Workshop/Meeting of all evaluation teams to discuss and compare approaches, before evaluation work is undertaken to share ideas and understanding and to try to encourage comparability in approach and conceptual frameworks including evaluation indicators and criteria.

Data collection and report drafting Phase
The drafting of the report will be facilitated by adhering to the Development Partner level evaluation report outline. The evaluation report should be of maximum 50 pages including the executive summary.

Consultation and Finalisation Phase
Evaluation findings would need to be discussed at Development Partner headquarters level before being finalised and communicated to the Synthesis Team through the Evaluation Management Group.

7. Competencies

The evaluation team should comprise the following key skills: Advanced knowledge and experience of aid effectiveness policies including that of the Paris Declaration. Advanced knowledge and experience of institutional change approaches. Knowledge and experience of the Development Partner in question. Knowledge of and training in evaluation methodology including process and participatory evaluation. Team members should reflect a gender balance.

8. Timing and Conduct of Work

The timetable for the evaluation is as follows:

2007	
Jan – March	Agree Evaluation Framework
April – May	Develop specific ToR for Development Partner level evaluations.
May – June	Contract evaluators
May – October	Development Partner lesson learning evaluations
June or July	Possible Inception Workshop
September/ October	Draft Development Partner level evaluation reports
November	International Workshop on emerging findings
November-December	Finalize Development Partner reports for publication

4 September, 2007

First Phase of the Evaluation of the Implementation of the Paris Declaration

Terms of Reference for Synthesis Report

1. Introduction

In response to the Paris Declaration commitment of conducting an independent cross-country evaluation, it has been decided to conduct a two-phase evaluation, commissioned and overseen by an international Reference Group, comprising members of the DAC Evaluation Network, partner country members of the WP-EFF and other interested countries, and representatives of civil society. Day-to-day management of the evaluation is entrusted to a small Management Group. The products of the evaluation will be reviewed by an independent Peer Review Team.

The evaluation will complement the monitoring of the implementation of the Paris Declaration, undertaken through the Joint Venture on Monitoring with the objective of providing a more comprehensive and qualitative understanding of how increased aid effectiveness contributes towards improved development effectiveness.

The first phase will run from March 2007 to July 2008 and will aim at providing information on the 'HOWs and WHYs' of the implementation process of the Paris Declaration in order to deliver practical lessons and help take stock of implementation performance at the 3rd High Level Forum (HLF) on Aid Effectiveness to be held in Ghana. The emphasis of this phase will be on input and output levels, through a series of partner country, Development Partner[1] headquarters, and thematic evaluations. These evaluations will be of a formative nature, capturing the incremental and incidental behavior changes associated with the PD.

The second phase of the evaluation will run from the HLF in Ghana in 2008 up to the 4th HLF in 2010. This second phase will examine whether the intended long-term effects of the Paris Declaration are being achieved with an emphasis on outcome and impact levels. The substance and the nature of the evaluation and its conduct are represented in the Framework ToR for the evaluation of the Paris Declaration and in the 'model' ToRs for the country led partner country level evaluations and the Development Partner's headquarters evaluation (see annexes).

1 By Development Partners is meant donors, multilateral agencies, IFIs and other organisations engaged in development assistance.

2. Scope and Structure of Work

The objective of this consultancy is to draft a synthesis of the evaluation outputs of phase 1 to be presented at the 3rd HLF on Aid Effectiveness to be held in Ghana in September 2008.

The scope of work for the consultancy is as follows:

- Elaborate inception report
- Draft and finalise synthesis report
- Be available for discussions with the Evaluation Management group during the course of the synthesis work
- Participate in a workshop (January 2008 in South Africa) with Reference Group members and evaluators responsible for the conduct of the headquarters evaluations and partner country level evaluations to discuss the emerging findings of the synthesis work
- Contribute to dissemination activities (including providing an input for the High Level Forum to be held in September 2008 in Accra)

The consultancy shall be conducted in three phases:

I) Inception phase:
Based on the Framework Terms of Reference for the First Phase Evaluation of the Implementation of the Paris Declaration, and a review of the various evaluation outputs, the synthesis team will develop a succinct inception report including:

- A draft synthesis report outline (to be elaborated based on the structure of the 2006 Survey on the monitoring of the Paris Declaration).
- A list of possible additional data/information sources to be consulted to cover potential evidence gaps.
- A detailed work plan.

The Evaluation Reference Group will be invited to review and comment on the inception report. The synthesis team will

respond in writing to all received comments. The Evaluation Management Group and an independent Peer Review team will conduct quality assurance of the inception report. The Inception Report must be approved by the Evaluation Management Group before work can proceed.

II) Drafting phase:
The drafting of the synthesis report will be based on the approved inception report with document review as the primary approach and (as relevant) phone interviews. The partner country level country and Development Partner headquarters evaluation reports will be annexed (in electronic format) to the synthesis report.

The synthesis report written in English should be a maximum 60 pages including the executive summary but excluding the annexes.

The following inputs will be made available to the synthesis team for their work: approx ten partner country level country evaluation reports and approx. ten Development Partner headquarters evaluation reports. As well as the reports of a number of thematic studies which are to be conducted as part of the overall evaluation.

III) Finalisation and dissemination phase:
The Evaluation Management Group and the independent peer review team will conduct quality assurance of all draft versions of the synthesis report. The draft synthesis report will be presented for the evaluation Reference Group for comments. The synthesis team will respond in writing to all received comments.

Upon completion of the final synthesis report, the evaluation team leader will collaborate with the dissemination team in order to facilitate focused and coherent dissemination of evaluation results. Further, the team leader will participate in dissemination activities during the 3rd HLF in Accra in September 2008.

3. Timetable

The timetable for the synthesis report work is as follows:

Timing	Activity
November 2007	Develop inception report
December 2007 – February 2008	Draft synthesis report
January 2008	Workshop on emerging findings (tentatively in South Africa)
March – April 2008	Finalise report based on received comments
September – October 2008	Dissemination activities including preparation of briefs (including participation in the HLM Accra)

4. Composition of Evaluation Team

A synthesis team, selected through international competitive proposal submission, will carry out the evaluation synthesis. The organization of the team's work is the responsibility of the Team Leader and should be specified and explained clearly in the proposal. The evaluation team should comprise the following key skills:

- Advanced knowledge of and experience with aid and development effectiveness including of the Paris Declaration.
- Advanced knowledge of and training in evaluation methodology including behavioral change evaluation approaches, experience with conducting complex evaluations and synthesis of the results of such evaluations.
- Knowledge of and experience with programme-based approaches (including Sector-Wide Approaches and other implementation mechanisms i.a. General Budget Support, Sector Budget Support, projects, grants to NGOs etc.).
- Knowledge of and experience with the partner countries and donor agencies being evaluated.
- Excellent writing and communication skills.

The team of minimum three members should reflect a gender balance and comprise international consultants reflecting a regional balance. Further, the team as a whole needs to hold superior skills in English and advanced skills in French and Spanish.

The team will report to the Evaluation Management Group.

The basic DAC evaluation principles concerning utilisation of external evaluators independent of those responsible for the design and implementation of the development intervention (in donor and implementing organisations) will be applied.

5. Input and Outputs

The inputs required for the consultancy may not exceed a total of DKK 1 million including all fees as well as expenses related to team participation in Evaluation Management Group / Reference Group and HLF meetings.

The main outputs from the evaluation are as follows:

- Inception report
- Synthesis report
- Briefs for dissemination.
- Dissemination at 3rd HFL

Synthesis Team
14 February, 2008

Phase One Evaluation of the Implementation of the Paris Declaration

Analytical Framework for the Synthesis Report

1. Following the Workshop on Emerging Findings[1], this note on the analytical framework for the synthesis report has been prepared to provide an explicit outline of how the synthesis work will be carried out.

2. The final product, the synthesis report, will be grounded in the evaluation reports received, additional input provided by the participants in the "Emerging Findings" workshop, studies such as the Independent Monitoring Report from Vietnam, and other data sources/references to be used selectively to inform the analysis or fill gaps where the treatment of the required topics would otherwise be unclear. The consolidated information will be organised and presented in a form that is accessible for the Accra High Level Forum and beyond.

3. The synthesis report will be based on the Terms of Reference for the Phase One Evaluation, taking into consideration the specific terms of reference (and adaptations in them) for the different country and Development Partner agency evaluations being synthesised. Without belabouring the limitations of the evaluation approach adopted and of the base provided by the evaluation studies produced,[2] the synthesis will have to acknowledge them clearly, and specify the roles it is intended to play and the boundaries of its representativeness and reliability.

Main Parameters

4. The synthesis will draw together the findings and conclusions from the various constituent evaluations of the early stages of the implementation of the PD to provide responses to the following **central evaluation questions**:
   - Are the "political support, peer pressure and coordinated action" of donors and partners changing? How/why, or why not?
   - Is this in fact leading to actions and changes in behaviour toward the Declaration's five commitments of greater ownership, alignment, harmonisation, managing for development results and mutual accountability? How and why is this working, or not working?
   - What important trends or events are emerging in the early implementation of the Paris Declaration?

5. The responses to the above questions will form the core of the synthesis report and will be organised around the five commitments wherever possible. In addition, the synthesis will reflect the substantial number of expected findings and conclusions that apply to more than one commitment area, or to the overall implementation of the Declaration. In line with the Terms of Reference of the individual evaluations, the synthesis findings and conclusions will be assessed in relation to the "enabling conditions" of: the commitment or leadership of actors to implement the Declaration, their capacity, and their incentives. The synthesis will also report on the assessments in partner country reports on the utility of the Paris Declaration as a tool, including its clarity, relevance and coherence, and on their identification of emerging outputs on the ground.

6. The synthesis will not itself be an evaluation report, but a coherent and strategically-oriented product that will systematically bring together distilled and analysed key findings from the individual reports, and raise the results to a higher level of abstraction and forward-looking policy relevance. To the extent supported by the analysis,

1 The Workshop held in Parys, South Africa, from 30 January to 1 February, 2008 with some 50 participants generated important feedback on the preliminary findings available – both in the direction of validating, invalidating or nuancing many points, and highlighting them for special attention in the final reports. It also helped identify additional issues and some important working hypotheses and underlying assumptions on the implementation of the Declaration. Reports of those workshop discussions will be circulated with the first draft of the synthesis report.

2 These limitations include, for example: the self-selection of evaluation subjects; complex and differing methodologies; different degrees of independence among evaluators; the lack of control groups or clear baselines; and wide variability in the strength of the evidence and analyses in reports.

the synthesis report will draw conclusions and include recommendations that are actionable, policy-oriented and forward-looking. The report will be a maximum of 60 pages, excluding annexes. The annexes will include, but not be limited to, the executive summaries of individual reports.

7. The primary target for the report will be those taking part in the Accra HLF and their colleagues at home, with a view to reaching broader audiences. Accordingly, the report will focus on drawing out strategic issues, the concerns of policy makers and lessons learnt. As a way of helping move the PD implementation process forward, the report will use the available evidence as a springboard to raise issues, pose questions, and to provide explanations for why and how progress in implementation of the PD is being achieved or not. The report findings will be put into context, both with regard to the process that led to the PD and what has happened since it was adopted, as well as the country **contexts** within which it is being implemented.

Analytical Framework

8. **Central questions:** The report will respond to the central evaluation questions outlined in paragraph 3 above.

9. **Tools and techniques**: The primary tools and techniques to be employed will be:
   - Systematic review and analysis of submitted reports to extract and categorise key findings, explanations and conclusions. This process will bear in mind that the limits on the representativeness of the submitted reports and the fact that the information is primarily qualitative (focused on perceptions of behaviour) and based on different types and levels of survey research[3];
   - Triangulation among results identified by members of the team based on their different samples of reports and different thematic specialisations, in order to identify outliers and minimise differences in interpretation and/or possible biases;
   - Rigorous internal peer review and by the external peer reviewers to ensure the inclusion of all key findings;
   - Identifying and highlighting the vital strategic issues, and policy concerns for policy makers in the findings and lessons learnt, including, for example, exploring such issues as the widely-reported increases in transaction costs in implementing the PD;
   - Quality management by the internal quality manager and Evaluation Management Group.

10. **Patterns:** The synthesis team will:
   - Apply methods of agreement and methods of difference – and a necessary measure of content analysis – to identify the frequency, patterns, convergence and divergence of results reported among and between the two groups of evaluation reports;[4]
   - Consider negative evidence – what is missing from all or some reports;
   - Analyse the changing overall context for the implementation of the Declaration and contextual influences in different groups of countries and agencies concerned; and
   - Draw out any broader patterns of causality where supported.

11. **The "model" or normative framework:**

12. The normative framework for assessments of progress in implementing the Paris Declaration is quite explicitly set out in the commitments (and supporting sub-commitments) of the Declaration itself. The patterns identified will be reported in the synthesis against these norms. At the same time, it should be noted that significant confusion, overlap and differences in interpretations are reported around some of the commitments, and these factors will have to be reflected and assessed in the report.

13. The evaluations and their synthesis are more exploratory about the "whys and hows" of performance or non-performance in implementation. It is evident that. context is a crucial variable and the synthesis will take account of the important influence of political factors – not just technical/administrative ones – on the implementation of the Declaration, both within partner countries and within and among Development Partner institutions.

14. **Skills and processes to be applied:**
   - Systematic document review and analysis
   - Expert contextual analysis
   - Identifying and connecting strategic gaps
   - Consistent team peer review
   - High level synthesis skills and policy sense
   - Structuring and writing skills to make information accessible and meaningful to policy makers and broader, non-specialist audiences.

3 Except insofar as the Synthesis will report on the wide variations of survey sample size and other methodological qualifications on the constituent studies, as well as unresolved issues identified by the peer reviewers, the Synthesis report cannot attempt to qualify different inputs for reliability.

4 The work will also include testing of the interesting further hypotheses, particularly around the "whys and hows" of performance or non-performance, generated among participants at the Emerging Findings Workshop in January – February 2008.

Asian Development Bank
Operations Evaluation Department (OED)

Evaluation of the Implementation of the Paris Declaration: Case Study of the Asian Development Bank

Executive Summary

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The guidelines formally adopted by the Operations Evaluation Department (OED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. To the knowledge of the management of OED, there were no conflicts of interest between the persons preparing, reviewing, or approving this report.

Evaluation of the Implementation of the Paris Declaration at the Asian Development Bank: A Development Partner's Study for a Joint Evaluation

Executive Summary

The purpose of this evaluation study by the Operations Evaluation Department (OED) of the Asian Development Bank (ADB) is to contribute to the first phase evaluation of the Organisation for Economic Co-operation and Development-Development Assistance Committee's (OECD/DAC) joint evaluation of the Paris Declaration. Following the terms of reference provided by OECD/DAC, the focus of this evaluation is on the inputs within ADB, covering three dimensions – ownership and leadership, capacities, and awareness and mainstreaming – for promoting the five Paris Declaration pillars.

As a Development Partner, the Asian Development Bank has been moving along the general development best practice trends of the international development community. ADB has been following the articulations of several high level forums, including the 2003 High Level Forum on Harmonisation in Rome and the 2004 Marrakech Roundtable on Managing for Development Results. Several of ADB's policies and strategies that were developed and adopted before the endorsement of the Paris Declaration incorporate concepts of country ownership, building governments' capacities in their respective thematic areas, and cooperation with other Development Partners.

According to the information provided by the Management to the ADB Board of Directors, ADB's plan is to continue integrating the Paris principles into its work, which is already being undertaken, mainly by its regional departments. ADB has already prepared and is implementing separate action plans for the pillars of alignment, harmonisation, and managing for results.

As per the Indicators of Progress of the Paris Declaration, ADB is progressing towards meeting the Paris commitments on

ownership and managing for results, and needs to increase its efforts towards meeting its targets for the pillars of alignment and harmonisation. ADB activities that contribute to building mutual accountability are ongoing. However, the indicators, as currently defined, are not capturing key ADB activities related to the Paris Declaration. These include co-financing partnerships and memoranda of understanding signed with other Development Partners. In addition, the indicators do not recognise activities that lead to compliance, e.g. capacity development, particularly in countries at the early stages of implementation or in weakly performing countries.

Ownership and leadership

The policies and strategies of ADB generally support the five pillars of the Paris Declaration, and ADB's revised guidelines for preparing its key country partnership document, the country partnership strategy, reinforce their importance. Some of ADB's policies, strategies, and/or processes, however, may hinder meeting some targets in the Indicators of Progress. For example, the current set of loan modalities may need to be reviewed with a view to facilitating ADB's participation in programme-based approaches.

During interviews, ADB's Board of Directors and Management were generally supportive of the Paris Declaration. However, ADB's Management could provide a more regular and visible demonstration of support in this regard. Several concerns were expressed by staff over some pillars of the Paris Declaration. The Operations Evaluation Department believes the scope and definition of the Indicators of Progress in monitoring Paris Declaration compliance need to be reviewed and clarified. Guidelines and indicators for activities related to the Paris Declaration in countries with no operational development strategy are not available. OED also found that the cost of coordination and harmonisation to a Development Partner may be significant.

Capacities

ADB staff are generally aware of the Paris pillars, some pillars more than others. General awareness-raising is yet to be undertaken, but ADB staff members are development professionals who continue to learn about good development practices. Staff working in resident missions, country programming, sectors with many Development Partners (e.g., education), and developing member countries with governments actively implementing the Paris agenda (e.g., Bangladesh, the Philippines, and Vietnam) are the most familiar with the Paris Declaration per se. According to an evaluation of its implementation, staff, in general, have, to date, a low level of awareness of managing for development results. The new country partnership strategy guidelines, which were approved in 2006 and widely distributed in 2007, provide some guidance to staff on implementing the pillars of the Paris Declaration when preparing country strategies, including promotion of country ownership and results orientation.

ADB's resident missions play a key role in meeting ADB's Paris commitments in the member countries. Resident missions are effective in supporting project design and administration and are perceived by Development Partners to increase the effectiveness of ADB's services. Over the years, both the volume and scope of their work have grown. However, the capacities of resident missions are restricted by a lack of delegated authority and increased workload without a commensurate quantitative and qualitative increase in resources. The effectiveness and efficiency of resident missions could still be improved with increased delegation matched by the required resources. Increased decentralisation would improve their responsiveness to emerging development issues, and would respond to calls for increased decentralisation by the larger developing member countries.

Mainstreaming and incentives

ADB staff members are implementing the Paris principles, with three pillars, viz., ownership, harmonisation, and alignment, integrated more than the others. Mainstreaming of the Paris principles in a specific developing member country is affected by the developing member country's ownership of the Paris Declaration. There is, however, no specific incentive for staff to implement the Paris principles.

Lessons identified

Several lessons were identified from ADB's implementation of the Paris Declaration. In the absence of a corporate strategy or action plan to meet the Paris commitments, implementation differs across departments and among resident missions, and has been "bottom-up". The major factors affecting the implementation of the commitments, in general, appear to be staff knowledge and ownership of the Paris Declaration. At the resident missions and in the country teams, countries' ownership of their national development plans and their ability to coordinate Development Partners are key determinants of compliance. The roles of disseminating information and building staff awareness cannot be underestimated. A strategy for doing so would provide consistency in the message and guidance to the staff.

Implementation of the Paris Declaration is not necessarily resource-neutral under the current organisational set-up. Alignment and coordination activities can require much time, which may impact on other staff responsibilities such as project/programme implementation and supervision. A careful analysis of the additional resource requirement(s) is necessary to ensure that staff do not face difficult trade-offs among their responsibilities. Guidance is needed on the prioritisation that should be accorded to this area versus other apparently equally pressing agendas.

Where ADB is an established Development Partner in a sector or area, other Development Partners are more likely to expect it to play a lead role in coordinating assistance and in leading policy dialogue. ADB is frequently perceived to be a reliable and honest "broker", and government officials, country-based Development Partners, and civil society often expect ADB to take much more of a leadership role. However, in some

cases, ADB appears reluctant to do so because of inadequate resources.

While the Paris Declaration requires that Development Partners develop or strengthen the capacity for preparing national strategies where none is available, there is no guidance on how Development Partners are to conduct themselves in the absence of a national development strategy. Thus, in this environment, there is the potential for Development Partners to support individual projects that may not necessarily be prioritised by the government or that may duplicate the efforts of others.

Recommendations for ADB

To meet all the targets of the Paris Declaration and improve implementation, ADB might consider, among others, the following main recommendations:

Recommendations for OECD/DAC and the High Level Forum

The scope and definitions of indicators for measuring an organisation's progress in meeting the Paris Declaration targets need to be reviewed vis-à-vis significant activities that are not presently captured. The varying stages of implementation and ownership of the Paris Declaration could be better recognised within the current set of monitoring indicators or by developing new ones. In the absence of an operational development strategy, guidelines on and/or indicators capturing how Development Partners would coordinate their assistance are recommended.

Recommendation	Responsibility	Time-frame
1. ADB's commitment to the Paris Declaration needs to be communicated regularly, with visible demonstration of support by ADB Management.	Management, SPD, regional departments, operations support departments	Next 9 months
2. For more effective implementation, there is need to designate a focal unit to provide overall guidance, knowledge management, monitoring, and reporting on the Paris Declaration.	Management, SPD	Next 9 months
3. Tracking and monitoring ADB's implementation of the Paris Declaration can be facilitated by developing a consolidated implementation and monitoring framework that considers the commitments under each pillar. This would include outlining ADB's planned actions to meet the commitments under the five pillars.	Management, SPD, regional departments, operations support departments	Next 12 months
4. There is need for better guidance and staff capacity development to facilitate implementation, and monitoring and reporting on the progress of implementation.	SPD, BPMSD, regional departments, operations support departments	Next 12 months
5. ADB needs to better understand the resource implications of meeting its Paris Declaration commitments with a view to providing guidance to staff on trade-off choices or, where deemed necessary, reallocation of and/or additional resources and the priority that various activities should have.	SPD, BPMSD, regional departments, operations support departments	Next 12 months

ADB = ADB: BPMSD = Budget, Personnel and Management Systems Department, SPD = Strategy and Policy Department.

Australian Agency for International Development (AusAID)

Evaluation of the Implementation of the Paris Declaration: Case Study of Australia

Executive Summary

January 2008

Executive Summary

Australia rates well in terms of its high-level commitment to the Paris Declaration principles …
The policy framework for the aid programme, the creation of the Office of Development Effectiveness (ODE) and the performance assessment and evaluation policy demonstrate Australia's high-level commitment to the Paris Declaration principles and the broader "aid effectiveness" agenda. Key cross-cutting policies, such as the Anti-Corruption Policy and the Gender Policy, strongly support the Paris Declaration.

Country & Regional Strategies are being used to give emphasis to the Paris Declaration in country programmes …
Of ten AusAID country and regional strategies considered by this evaluation, all touched on some or all of the principles of the Paris Declaration, although there was no discernible consistency in how this was done across the strategies. While all strategies were prepared in consultation with partner governments, two were specifically developed as "joint" strategies with the partner government, with one also being "joint" with another donor.

Australia's considerable involvement with fragile states brings extra challenges in a Paris context …
Fragile states comprise a greater percentage of Australian aid than any other DAC member, and so Australia's commitment to, and implementation of the Paris Declaration, is very often in the context of working with a fragile partner. Australia has taken an active role in the development and trialling of the DAC Principles for Good International Engagement in Fragile States.

Australian aid to fragile states places a particularly strong emphasis on working in a coherent, whole-of-government way. For example, in the Solomon Islands and Papua New Guinea, Australia has deployed a range of public servants to work inside the governments of these two countries. While this approach is controversial because it runs the risk of undermining ownership, Australia places particular emphasis on high-quality capacity building, including developing twinning arrangements at the institutional level. In the long-term, the decision to build capacity through strengthening government systems from the ground up has the potential to be more Paris-compliant than the alternative of setting up parallel systems.

AusAID's recent management changes support implementation of the Paris Declaration …
AusAID has recently devolved more staff, responsibility and decision-making authority to country offices. One of the drivers for these changes was the Paris Declaration and, while it is early days, the presence of more key staff and decision-makers in developing countries should help with the Paris principles of "ownership, alignment and harmonisation". Another recent management change, the establishment of the Office of Development Effectiveness (ODE) and the concurrent introduction of an Annual Review of Development Effectiveness (ARDE), has strengthened the Agency's capacity in relation to "managing for results" and, potentially, also in relation to "mutual accountability".

However, the depth and breadth of understanding about the Paris Declaration is mixed …
Some staff have translated their broad commitment to the Paris principles into a thorough understanding of the Declaration's detail and its practical implications. For other staff, however, the Paris Declaration remains a vague idea around "working more closely with partner government systems". Overall, understanding of the first four pillars (ownership, alignment, harmonisation, managing for results) is much stronger than for the fifth pillar (mutual accountability).

Operational guidance has been lacking, but is on its way …
For the past two and a half years, there has been little guid-

ance about operating in a Paris-compliant environment, but the signs for the future are more positive. AusAID is discarding its old operational guidance, "Ausguide". This is sensible given that Ausguide was focused on the traditional project modality. Workshops on "Forms of Aid" have taken place recently and have given attention to options such as SWAps and working directly through partner government systems. New business processes are near completion, and will be released soon in the form of written guidance, to be complemented by training, in the near future. Guidance for Country and Regional Strategies, and for Peer Reviews, could be strengthened to help encourage early attention to the Paris Declaration principles.

Implementation needs to continue …

Australia has made progress in moving to Paris-compliant ways of operating in its country programmes. Over the past two years there has been a significant shift in the Australian aid programme with increased emphasis on partnerships. For example, Australia has played a strong and active role in helping "localise" the Paris Declaration in Vietnam over the past few years (through the Hanoi Core Statement), and more recently in PNG. Australia has delegated authority to the New Zealand Government to implement Australia's aid in two small Pacific countries and has delegated a significant component of its aid programme to Nepal to the United Kingdom (DFID). Increasingly, a range of non-project aid modalities are being explored in various programmes, including sector-wide approaches (SWAps) and greater use of partner government systems, but there are still significant stand-alone projects with parallel management structures. There are also pockets of positive examples of joint analysis and missions, but these appear to be in the minority at this stage. The Agency also needs better systems to capture progress against the Paris Declaration – while management is rightly concerned about the difficulties in obtaining basic statistical information relating to the Paris Declaration (e.g. how many dollars are being delivered through partner government systems), a concerted management effort is needed to remedy this situation.

Overall, Australia has made a reasonable start in the two and a half years since the Paris Declaration was signed

While there is a long way to go for Australia's commitment to the Paris Declaration to be matched by its actions, it appears to be heading in the right direction. This evaluation puts forward a number of recommendations to encourage this forward direction.

Economic Relations Division (ERD)
Paris Declaration Evaluation
Ministry of Finance

Evaluation of the Implementation of the Paris Declaration: Case Study of Bangladesh

Executive Summary

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Executive Summary

1. Introduction

In line with the resolution of the Paris Declaration (PD), the Government of Bangladesh (GOB) commissioned a country level evaluation on the implementation of the commitments of the Paris Declaration. The evaluation mainly made assessments of (I) The utility of the Paris Declaration as a tool for increased aid effectiveness, (II) Development Partners' behaviour and Country partner (Bangladesh) behaviour in terms of their commitments, capacity, and incentives and (III) Impacts of the aid effectiveness initiatives set against the five axes of the Paris Declaration – ownership, harmonisation, alignment, managing for results and mutual accountability.

Three sample sectors, namely (a) Primary Education (b) Energy and Power and (c) Environment as a cross-cutting issue were selected for a detailed study.

The summary findings and recommendations are given below:

2. Findings

2.1 Paris Declaration as a Tool for Aid Effectiveness

2.1.1 Clarity

In general, awareness of the Paris Declaration exists among all development dartners staff. However, with the exception of officials dealing with Paris Declaration matters, level of familiarity is not high. With regard to the Government of Bangladesh, sufficient dissemination of the Paris Declaration commitments has not taken place. Further, few GOB officials dealing with aid policies and coordination are well conversant with the commitments and indicators of the Paris Declaration, while most officials are not. Many respondents to the study feel that definition of ownership needs further clarification. For example, several respondents enquired as to whose ownership is it?

2.1.2 Relevance

In general, the commitments of the Paris Declaration are relevant to Bangladesh aid architecture and have captured major aid effectiveness issues of the country. However, project sustainability, an important aid effectiveness issue, has not been adequately addressed. Indicator 1 is too narrow to measure all aspects of ownership, and measurement of many important aid effectiveness issues (see section 3.2 of the report) could not be captured by other indicators.

2.1.3 Coherence

Respondents to the study did not express any major concern in respect of coherence of the commitments of the Paris Declaration.

2.2 Development Partners' Behaviour

2.2.1 Commitment

Development Partners having more pronounced emphasis from their headquarters to implement the Paris Declaration demonstrate more commitments than those who do not. Some of the findings on commitment include: (I) support from the Development Partners to the Government of Bangladesh's Poverty Reduction Strategy and alignment of their aid agenda to the goals of the Poverty Reduction Strategy, (II) development of a monitor able action plan to implement Paris Declaration commitment, (III) collaboration with GOB in the formulation and implementation of Bangladesh Harmonisation Action Plan, Participation in the OECD/DAC 2006 and 2008 surveys, and present country level evaluation, (IV) formulation of Country Assistance strategies jointly by four major Development Partners (representing more than 80% of overseas development assistance) namely Japan, the UK, the WB and the Asian Development Bank, (V) harmonisation of country assistance programmes of ten United Nations (UN) system members through United Nations Development Assistance Framework (UNDAF), and (VI) increasing alignment by some Development Partners to Government of Bangladesh procedures and country systems.

Despite the demonstration of commitments mentioned above, evidence such as the continuation of parallel implementation units with very few reductions in recent years, involvement of donors in the micro management of projects, increasing number of missions (250 in 2006, increased to 402 in 2007), lack of initiative by some Development Partners to align to country systems and procedures, unilateral decommitment of projects aid by some donors and the failure to untie aid completely – indicate non-fulfilment of some of the commitments of the Paris Declaration.

2.2.2 Capacity

Capacities of Development Partners vary. Turnover of staff is a problem with some Development Partners, while other report staff shortages. However, the major capacity constraint for several Development Partners is the lack of sufficient delegation of authority from the headquarters office to take decision at the field level on many issues.

2.2.3 Incentives

Only a few Development Partners in Bangladesh have dedicated staff to implement the commitments of the Paris Declaration. However, no evidence was found of any special incentive to motivate the Development Partner's staff to implement the commitments.

2.3 Partner country (Bangladesh) Behaviour

2.3.1 Commitment

The GOB has demonstrated in clear terms its commitment to implementing the Paris Declaration. Some of the evidence includes: (I) formulation of the Poverty Reduction Strategy and linking its goals to a Medium Term Budgetary Framework, reflected in the annual budgets, (II) establishment of a Poverty Reduction Strategy-Harmonisation Action Plan Cell in the Economic Relations Division and steering committee for Paris Declaration Evaluation, (III) restructuring the local consultative group by bringing the provision of co-chairing by the Economic Relations Division Secretary along with the Development Partners' nominated chairman, (iv) formulation of the Bangladesh Harmonisation Action Plan, (v) conducting a 2006 Development Assistance Committee (OECD/DAC) survey, (vi) holding of workshops to disseminate the Paris Declaration commitments, (vii) the ongoing initiatives for country level evaluation and DAC survey 2008,(viii) reforming the procurement system leading to enactment of the Public Procurement Act 2006, and (ix)ongoing efforts to reform the Public Financial Management System.

Commitments of the GOB would have been more pronounced if the pace of implementation of the Harmonisation Action Plan had been faster and the Poverty Reduction Strategy-Harmonisation Action Plan cell of Economic Relations Division had been made more effective.

2.3.2 Capacity

An important challenge to aid effectiveness is the capacity limitations of the GOB officials in managing aid and other development resources. Some of the limitations are: (I) capacity to articulate aid policies and formulate aid worthy projects, (II) capacity to process and approve projects timely, (III) capacity limitations to implement and manage projects, particularly in the areas of procurement and financial management, and (IV) limitations in monitoring and aid co-ordination.
Due to the slow pace of civil service reform, desired capacity is yet to be developed, despite the fact that some initiatives to strengthen the GOB's capacity have been made. Donor-led initiatives to enhance the GOB's capacities also did not help much as they were often designed without due regard to actual needs, sustainability, and other local conditions. Misplacement of trained staff and frequent staff turnover are other constraints that create bottlenecks and hamper aid effectiveness.

2.3.3 Incentives

Another obstacle to aid effectiveness is the absence of an appropriate incentive system to motivate GOB staff to implement development projects. In the absence of any special incentive, in terms of emoluments, and with very limited promotion and career prospects, there is very little motivation for the GOB officials engaged in aid management and project implementation. While there have been many pronouncements to reform the GOB incentive system, no concrete progress has occurred.

2.4 Emerging Results

2.4.1 Process Results

- **Ownership**: The formulation of a Poverty Reduction Strategy by the GOB through a participatory process, its implementation and subsequent endorsement by Development Partners carries a landmark in attaining owner-

ship commitment of the Paris Declaration in Bangladesh. The Poverty Reduction Strategy generally has clear strategic priorities linked to a Medium Term Budgetary Framework, which are reflected in annual budgets. The GOB is introducing Medium Term Budgetary Framework in phases. So far, Medium Term Budgetary Framework has been implemented in sixteen major development fund spending ministries. Further implementation of Medium Term Budgetary Framework is facing difficulties due to capacity constraints of line ministries.

- **Alignment**: Use of GOB procurement procedures has increased. In almost all cases of local competitive bids, GOB procedures are being followed. However, in the case of international competitive bids, some major Development Partners are yet to align their procedures. Use of Bangladesh's Public Financial Management System (PFMS) has also increased with the reforms in PFMS. Some donors, however, still do not like to rely on country PFMS which led one of them to stop going for further budget support. While capacity limitations of GOB staff, particularly in respect to procurement and financial management, are barriers to alignment, the rigidity of the procedures of some multilateral Development Partners and the lack of initiatives on their part to align to Bangladesh's system are equally responsible for not achieving full alignment.

- **Harmonisation**: There is substantial progress in aid harmonisation in Bangladesh since the commencement of the Paris Declaration. Four major donors, namely the WB, Asian Development Bank, DIFD and Japan have harmonised their country assistance programmes by jointly formulating their assistance strategies. Ten organisations of the UN system have also harmonised their country assistance programs through UNDAF, which has also seen the introduction of a joint UNDAF review. In addition, a harmonised approach to transferring cash to implementing partners has been rolled out. Sector Wide Programmes like Primary Education Development Program-II, Health, Nutrition and Population Sector Program and other joint financing efforts run on a partnership basis having donor complementarities are other examples of harmonisation. Harmonisation efforts are sometimes constrained by the multiplicity of donor procedures.

- **Managing for Results**: The Poverty Reduction Strategy provides managing for results by linking national development strategies to annual budget process. Medium Term Budgetary Framework produced in line with Poverty Reduction Strategy goals has also clearly linked allocations with the development goals.

- **Mutual accountability**: Establishment of Poverty Reduction Strategy implementation forum led by the GOB with representation from Development Partners to monitor implementation of the Poverty Reduction Strategy and the GOB – Development Partners' harmonisation implementation task force to monitor the implementation of the Harmonisation Action Plan is an example of progress towards a mutual accountability process.

3. Sector Studies

3.1 Primary Education (Primary Education Development Program-II)

3.1.1

The evaluation study noted same progress in Primary Education Development Program-II in meeting the commitments of the Paris Declaration. These include: (I) deepening of ownership of the programmes, (II) use of standardised fund withdrawal application and financial monitoring report, (III) change of UNICEF budgeting calendar to align with the GOB, and (IV) better performance of Primary Education Development Program-II against twelve indicators of the Paris Declaration compared to national average.

3.1.2

The issues that need special attention for further improvement are: (I) harmonisation of different types of financing and streamlining complicated fund management system, (II) further alignment to the GOB's procurement system, and (III) capacity development to institutionalise the achievements of Primary Education Development Program-II.

3.2 Energy and Power

3.2.1

The GOB's ownership has increased in the energy and power sector. Programmes and projects in the energy and power sector are formulated in line with Poverty Reduction Strategy and in light of energy policy. Donors have aligned their country assistance strategies to GOB policies, master plans and strategies.

3.2.2

The sector study on energy and power noted improvement on aid harmonisation and coordination and limited progress toward alignment to country procurement and Public Financial Management systems. Like other sectors, alignment to procurement procedures in the event of local competitive biddings increased significantly, but progress in case of international competitive biddings is limited. The study also reported positive movements in respect to sector reform programmes and in the reduction of system loss.
Major concerns on aid effectiveness identified in the study are delays (I) in the tendering process from the GOB's side, (II) clearing of procurement proposals by Development Partners, and (III) recruitment of consultants/owners engineers. Other concerns are unmanageable cross conditionality, no reduction in transaction cost and no reduction of individual missions.

3.3 Environment

3.3.1

Over the past few years, ownership of Bangladesh in developing national strategies for environment has deepened. Significant progress has been achieved in establishing a policy,

institutional and legal framework necessary to strengthen environmental management in Bangladesh. The environment as a cross-cutting issue has been included in the Poverty Reduction Strategy with linkage to the national development strategies and annual budget. The study reveals that the GOB's institutional capacity and the existing assessment system to address potential negative environmental impact of the development projects/programmes are inadequate. There are no specific guidelines for conducting and reviewing the environmental assessment of non-industrial projects. The donors in Bangladesh are not satisfied with the quality of environmental impact assessments, particularly in the requirements for public consultation and information disclosure. Donors are playing a supportive role in strengthening the capacity of the GOB for environmental management and enforcement. Almost all the respondents feel that it is important to continue developing common environmental impact assessment procedures for the development projects and establishing guidelines for environmental impact assessments of non-industrial projects.

Recommendations

I. The process for implementation of the commitments of the Paris Declaration should be integrated with the aid architecture of Development Partners and the GOB.
II. The GOB, in collaboration with Development Partners, should hold more dissemination workshops.
III. Economic Relations Division should strengthen its coordination and monitoring role by upgrading its present Poverty Reduction Strategy – Harmonisation Action Plan cell to a fully-fledged outfit and enhance the pace of implementation of the Harmonisation Action Plan.
IV. All major aid utilising ministries should create a dedicated unit to coordinate and monitor the implementation of the Harmonisation Action Plan.
V. The Paris Declaration should address the issue of sustainability of the outputs of the aided projects and programmes.
VI. The indicators identified in the Paris Declaration may be revisited so that indicators are adequate and appropriate to measure ownership and environmental sustainability.
VII. The capacity of local Development Partners' officials should be enhanced by delegating more authority from headquarters to enable them to take decisions quickly.
VIII. The GOB may take the initiative with the support of Development Partners to develop a government-wide comprehensive needs-based capacity development programme.
IX. Initiatives should be taken by Development Partners to dismantle the parallel implementation units as early as possible. Development Partners should also avoid micro management of aided projects. The number of missions from the headquarters of Development Partners should be reduced by having joint missions instead of single missions.
X. The tying of aid should be removed and the conditionality attached to the disbursement of aid should be realistic and within the capacity of the GOB to comply.
XI. Donors should provide grant assistance to support the GOB in its efforts to protect the environment.

Phase One of the Evaluation of the Implementation of the Paris Declaration
Case Study of Bolivia

Executive Summary

Study carried out by the Paris Declaration Evaluation Team of the Department of the Deputy Minister for Public Investment and External Financing.

Executive Summary

Bolivia is currently going through a period of change, which began on 22 January 2006, when Evo Morales Ayma became President of the Republic. This appointment marked the beginning of a democratic and cultural revolution in the country, which aims to dismantle colonialism and neoliberalism and replace these systems with a multicultural community-based State where inequality and social exclusion can be overcome.

These aims are reflected in the National Development Plan 'An Honourable, Sovereign, Productive and Democratic Bolivia for a Good Standard of Living' approved by Supreme Decree No. 29272 of 12 September 2007. This act, which enjoys great legitimacy and aims for 'a Good Standard of Living' is based on a cosmocentric[1] vision, expressed in the form of the coming together of towns and communities, and the respect of cultural diversity and identity.

The proposals and basic principles of the National Development Plan are the result of the collective demands of Bolivia's citizens to build a multicultural community-based State, which champions the empowerment of social movements and emergent indigenous peoples. With this approach, the State in its role as a promoter of and protagonist in productive development draws on the coordination and complementary powers of the community-based state economy, in both its mixed and private forms, to seek a balance between the desired change and the macroeconomic sustainability of the country as instruments that will contribute to a recovery of the economy and the promotion of greater social justice.

The National Development Plan has short, medium and long-term goals, and aims to allocate internal and external resources in accordance with national priorities, strengthening a sovereign State that guides political, economic and social action in the country, with a change in the old model for development.

Within the context of the undertakings at an international level, Bolivia signed the 'Paris Declaration' in 2005 with 86 other countries and 25 relief worker organisations, in which the need to significantly increase the effectiveness of development aid to reduce poverty and inequality was recognised. With this in mind, the Paris Declaration is supporting the efforts made by countries and their governments to establish an effective leadership, a premise that is in line with the principles stated in the National Development Plan.

In this respect, Bolivia is one of a group of ten countries that volunteered to carry out a 'National-Level Evaluation of the Paris Declaration', which aims to assess and evaluate the change in conduct of the relief worker organisations and the government from the date the Paris Declaration was signed.

With a view to this objective, this document, in principle, presents an analysis of the current status of external financing in Bolivia, which in February 2008 reached the sum of USD 4,271m, made up of donations (40%) and commercial and concessionary loans (60%). The country's main financial

1 'Cosmocentric' means that the cosmos is placed at the centre of communities' spiritual, material, economic, social and political dynamics.

backers are the Andean Development Corporation (CAF), the Inter-American Development Bank (IDB), USAID, the European Union (EU), the World Bank (WB), Brazil, Germany (KFW and GTZ), the Netherlands and Japan (JICA).
Moreover, the sector that has the greatest resources is Transport, which absorbs 40% of resources, with the Administradora Boliviana de Carreteras (ABC (Bolivian Roads Administrator)) receiving the most funds, benefiting from 29% of the resources allocated to the transport sector.

It should be emphasised that between 2003 and 2007, there was a significant reduction in dependency on external resources for investment projects, dropping from a figure of 62% in 2003 to 36% in 2007. This situation is partly explained by the increase of the Direct Tax on Hydrocarbons (IDH) in state investment, which in 2007 reached 31%.

Furthermore, the results of the 2006 survey on monitoring the Paris Declaration for Bolivia were analysed, and served as a baseline for this evaluation, showing moderate advances in relation to Ownership, Managing for Results, and Mutual Accountability, due to the fact that in 2006 the National Development Plan was in its first phase of implementation and Bolivia did not have a monitoring and evaluation system. Moreover, there was no established methodology for carrying out monitoring in the areas of harmonisation and alignment. The poor results for Harmonisation and Alignment are due to the fact that a large proportion of the activity backed by donors was not linked to the official public finances and acquisitions systems and the fact that the use of sector-wide and/or programmatic approaches was still concentrated in a small number of sectors such as Education, the Ombudsman and Basic Sanitation.[2]

The evaluation of the Paris Declaration also analyses quantitative and qualitative aspects of the implementation of the Declaration and was carried out by means of interviews with Cooperación Internacional (CI), various NGOs, members of the central government and representatives of local governments, who contributed their opinions on clarity, relevance and coherence via a questionnaire.

It emerged that 90% of the CI and 98% of the government gave positive feedback on the clarity of the twelve indicators of the Paris Declaration. There was also a favourable response with regard to the relevance of the indicators, with 90% positive feedback from the CI and 98% positive feedback from the government.

It was identified that the commitment to implement the Paris Declaration is directly related to the degree of knowledge and ownership of the Declaration by the CI and the government. Among other findings, it was shown that there is greater dissemination of the Declaration within the institutions of the CI, particularly in executive circles, in contrast to the national government, where there is a lesser degree of dissemination and socialisation.

Where the principle of **Ownership** is concerned, the National Development Plan benefits from a high degree of legitimacy, and is therefore experiencing a significant level of progress. The Government leadership in national policies has given rise to a greater degree of **Alignment** on the part of the CI, especially with regard to bilateral cooperation, with multilateral bodies continuing with their own systems, which is reflected in the financing agreements concluded mainly with the IDB and the World Bank, which stipulate the use of their own systems as a condition. The relief work community has also shown a greater degree of willingness to align itself with national priorities. This change was highly influenced by two factors: the vision of the new state administration, which has taken on its key role in leading the country, and the CI initiative to sign a code of conduct which invites donors to assess their own comparative advantages, taking into account the perspective of the countries receiving aid, with an increasing focus on improving effectiveness, reducing transaction costs and easing the administrative burden for partner countries.

The government has also introduced specific measures relating to coordination via the government/CI Coordination System, founded on five pillars: Productivity, Honour, Democracy and Sovereignty, Harmonisation and Macroeconomics.

Where long-term budgets are concerned, the CI has systems and procedures which allow it to establish diverse long-term budget structures, which vary depending on the agency, and may fluctuate from between two to five years. Meanwhile, the government has been working on designing and putting a planning system into operation, a necessary requirement to be able to implement the long-term budget system. National regulations have been established for annual budgets. The work will be coordinated mainly between the Ministry of Development Planning and the Treasury. The creation of the Department of the Deputy Minister for Long-Term Strategic Planning is also considered to be an important step forward.

Advances have been made in the field of **Harmonisation**, particularly in health and education, areas in which sectorial coordination systems have been set up with the CI. In these cases, the bilateral bodies have shown themselves to be more receptive to the implementation of sector-wide approaches and fund baskets, as well as the execution of assignments and joint reports. It is important to note that working with a programmatic approach and using a fund basket involves the use of national systems. This condition restricts the participation of multilateral agencies, which may be willing to participate in the programme, but not to form part of the basket, due to the fact that their internal procedures still do not permit this.

With regard to the theme of Managing for Results and in view of the complexity of the application of this strategy, Bolivia must further strengthen its organisational and technological capabilities in terms of information, planning, long-term

2 National-level Feedback Survey 2006 – OECD

budgets, monitoring and evaluation systems. Donors must also make combined efforts to support the strengthening of Bolivia's capabilities by means of assistance in the form of coordinated technical and financial cooperation.

In this respect, there are agencies which use specific instruments for monitoring and assessing results; these instruments are standardised for use at an international level (IDB, UNDP and others). In view of the fact that these instruments are being appropriated within the cooperation agencies, they are undergoing a validation and adaptation process which will take a number of years to complete, in accordance with the characteristics of each system.

Each agency has developed its own version, which may prevent the results from being made homogeneous or being compared in the future. Given this situation, united efforts must be made to achieve a greater degree of coordination.

The Ministry of Development Planning and the Treasury have also developed some initiatives, which are still at the design and validation stage, aimed at the area of Managing for Results.

The Paris Declaration, in its capacity as one of the commitments to increase the effectiveness of Official Development Assistance (ODA), forms part of the official agenda of the CI agencies, and reflects a greater involvement of the personnel of the central offices in relation to staff from the local/national level offices.

For the government, the Paris Declaration must be more than just an international commitment which produces the required measures for obligatory action involving the creation of action plans within the different government authorities.

Bolivia acknowledges the advances that the CI has made over the last two years with a view to improving the effectiveness of ODA, but it also believes that it is necessary for the international community to align itself with the endeavours of the Bolivian government to tackle the issue of the lack of information for making decisions. A joint report or study must also be carried out on the 'Costs of ODA', in terms of outsourcing, the delegation of administration, assignments etc., which reduce the effective quantity of aid reaching countries in the region, and Bolivia in particular.

Ministry of Foreign Affairs/Danida

Evaluation of the Implementation of the Paris Declaration: Case Study of Denmark

Executive Summary

The evaluation was carried out by:
Jorgen Billetoft, Team Leader
Mike Wort
Peter Ssentongo Mukisa
Dorte Kabell

The team's work has benefited greatly from the support provided by the Evaluation Department of Danida and the comments of the Reference Group, for which the team is grateful.
However, the findings and conclusions in this report are those of the evaluation team and should not be ascribed to the MFA/Danida or any other with whom the team met.
Ministry of Foreign Affairs/Danida

Evaluation Summary/June 2008
Evaluation of the implementation of the Paris Declaration (Phase 1): Case study Denmark

Introduction

The Paris Declaration on Aid Effectiveness of March 2005 came into being with a view to further accelerating the achievement of the Millennium Development Goals. It conveys the message that, if the actions and behavioural changes specified by the Declaration are applied, aid will become more effective and thus improve the prospects for achieving the Millennium Development Goals.

The Paris Declaration is based on five key principles: ownership, alignment, harmonisation, managing for results and mutual accountability. The principles of the Declaration agenda have become an important feature of Danish development administration. Many of the ideas figure prominently in policy documents and guidelines issued to embassies. Decentralisation of the management of the Danish development co-operation means that embassies are engaged in "field-based management" and able to take decisions in line with the intentions of the Declaration.

This study took place between June and December 2007 and was commissioned by the Danish Foreign Ministry as part of the wider evaluation of the Paris Declaration launched in 2006. The evaluation focused on three main areas: (i) commitment to and ownership of the Paris Declaration by Danida, (ii) capacity and capacity building issues as indicated by human resource capacity considerations, structural challenges, financial resource constraints and policy focus, and (iii) incentives to apply the principle of the Paris Declaration, including staff performance and career pathways.

Overall Conclusions

Reflecting the general tendency among donor organisations, not all five Paris Declaration principles are given equal attention by Danida. The focus has been on harmonisation and alignment issues. Ownership, management for develop-

ment results and mutual accountability – in that order – are given less attention. There are good reasons for that, as these areas are those where most uncertainly prevails as to what the Paris Declaration means and what the implications are for the individual Development Partners. The focus by Danida has been on initiatives that take place in the "machine room", the practical things that can be done with procedures and rules and reporting (much of it on the donor side), and new ways of working together.

The perception of what is being done and what could be done to implement the Paris Declaration varies considerably according to where one is placed in the Danida system. In particular, the evaluation found a marked difference between the opinions of the embassy staff and those at headquarters level responsible for system and policy development. The overall impression, however, is one of strong support for the principles of the Paris Declaration, whether at the level of the headquarters or that of the embassies. The main challenges highlighted by the respondents are those related to the capacity constraints on the part of the partner countries plus the often time-consuming donor harmonisation and coordination.

Leadership/Commitment

All respondents at headquarters as well as embassy level found the Paris Declaration and the instruments proposed for improving the effectiveness and sustainability of aid relevant and useful. All embassies reported that major efforts are being made to adapt existing and upcoming programmes to the Paris principles, i.e. to align programmes to government priorities and to intensify the division of work among Development Partners. However, the circumstances under which this takes place vary considerably between countries. According to several embassies, capacity constraints on the part of the partner governments, sometimes combined with a lack of interest in the Paris agenda, are impeding the alignment effort. This occasionally leads to situations where the wish to promote achievement of the Millennium Development Goals has to be balanced against the desire to strengthen partner country responsibility and ownership.

With few exceptions, there is widespread political consensus as regards the present priorities and practice of Danish development cooperation, including the effort to improve aid effectiveness as indicated in the Declaration. Concurrently, the "zero tolerance" on fraud and mismanagement, which at times hampers alignment to national financial management systems, and the practice of earmarking funds for prioritised themes and cross-cutting issues are features of Danish development cooperation commonly accepted by the Danish Parliament. Neither the Danida management nor the non-Danida informants anticipated a marked increase in the Danish provision of General Budget Support, but several respondents expected that the use of sector-budget support and basket funds based on Sector Wide Approaches will increase markedly, as it is considered a more conducive platform for sector policy dialogue and targeting of assistance than General Budget Support.

Several embassy respondents found that the practice of earmarking funds for special thematic interventions and cross-cutting initiatives tends to temper or complicate alignment to partner country policies and strategies and thus jeopardise country ownership and leadership. While admitting that embassies have to deal with a large number of "priority issues", the Danida management maintained that the demands are manageable if addressed as integral parts of the mainstream activities. The focus on harmonisation and alignment may have reduced the transaction costs for partner governments, but the responses to questionnaires and interviews at embassy level conducted as part of this evaluation indicate that this is not (yet) the case on the side of the Development Partners. All embassies reported that the workload has increased substantially in the wake of the Paris Declaration. Donor coordination was reported to be especially time-consuming – mainly as a result of the proliferation of coordination forums. The Danida management suggested that this is a temporary phenomenon that will be resolved once the full effect of the Joint Assistance Strategies and the corresponding donor concentration is evident.

Several interviewees found that cross-cutting issues tend to be something that primarily engages donors – and possibly civil society. This indicates the political dimension of aid. While acknowledging that the cross-cutting issues are, of course, subjected to Paris principles and must be aligned to government policy, only a few people understand intuitively how cross-cutting issues can contribute to the implementation of the Declaration. Thus, the possible linkages between the Paris declaration and cross-cutting issues could be further developed in order to enhance the understanding and practical application.

Capacity Challenges

Overall levels of staff knowledge and understanding of the Paris principles are very high both at headquarters and embassy level. There are clear indications that the majority feel comfortable with the Paris principles and that they have sufficient knowledge and understanding of the Declaration.

The embassies find the present degree of autonomy sufficient to allow for an adequate and prompt response to the thrust towards enhanced alignment and harmonisation. But a considerable number of respondents called for more backstopping and coaching from the headquarters and more attention to experience-sharing among embassies. Whilst the Danida Quality Assurance Department and the Technical Advisory Service are already providing such services, the reaction from the embassies indicates that the demand exceeds what is presently available. There was a marked need to especially capture practical experience and present good examples (such as case studies) of lessons learned, especially as the embassies are increasingly seeking to enhance the practical applications of the Paris Declaration.

Several respondents found that they were not sufficiently skilled to take on the new roles as required, for instance concerning the function as lead donor in a sector. In nearly all instances it was felt that the available human resources are insufficient compared to the tasks associated with implementation of the Declaration. Some respondents argued that this tends to put additional pressure on few key members of staff. This was, by some, attributed to increasing and changing demands placed on the embassy staff. It was noted that skills required to implement the Paris agenda were markedly different from those required in the past. The responses and comments suggest that the contemporary desk officer has to possess a combination of core expertise: personnel and management skills, knowledge of public sector and public financial management issues and sector-relevant policy expertise. An increased need for key competences such as negotiation and management skills was also noted, and it was suggested that future postings should take account of both the required expertise and the combinations of staff at each embassy.

The decentralisation process implies that, today, Denmark relies more on local staff for implementing programmes. This calls for more systematic competence development for this particular group.

Incentives and Results Management

Staff performance and career pathways were found to be sensitive issues. The suggested reason was insufficiently defined performance assessment criteria and thus career paths, particularly concerning fulfilment of the Paris principles. Many stated that the ability to meet stated disbursement targets is valued higher than demonstrating tangible results in areas of capacity building and alignment. This confirms the impression that, while considered important by the Danida management, fulfilment of the Paris principles is only one parameter against which the personnel's performance is being evaluated.

As regards the performance management system there are different perceptions of how useful it is to facilitate implementation of the Paris Declaration. Several mentioned that the system, as a reflection of the prevailing priorities of Danish development cooperation, pays relatively little attention to the Paris agenda compared to other Danish priorities. The Quality Assurance Department, on its side, emphasised that alignment and harmonisation issues are actually given considerably more attention in the 2007 results contracts than before.

Recommendations for the Future

Based on the above findings, the evaluation contains the following recommendations:

- The Danida management should more clearly indicate how the potential dilemma between the objective of aligning to national policies and systems and the equally important desire to achieve the Millennium Development Goals should be addressed under circumstances of inadequately functioning government structures in partner countries.
- The Danida headquarters should provide more guidance to the embassies on how the thematic and cross-cutting issues prioritised by Danish development cooperation are most adequately addressed vis-à-vis partner country policies and strategies with a view to enhancing mainstreaming of these issues.
- More attention should be paid to alignment of Danish development assistance to partner country systems and procedures, *inter alia* through increased use of existing public financial management systems and through reflection of Danish aid in the national budgets. Presumably, this will require increased investment in capacity building of partner organisations, especially in the field of planning and financial management. However, a change of the mindset of some Danida administrative staff may also be essential.
- Monitoring and reporting routines should be synchronised with those of the partner country and other Development Partners to the highest extent possible.
- Danida should, when monitoring the embassies' performance, pay more attention to the issues of "mutual accountability" and "management for results".
- The alignment and harmonisation-related backstopping to embassies as well as experience-sharing among embassies should be intensified. This may take the form of, for instance, regional workshops, use of blogs or exchange visits. Furthermore, Danida should pay more attention to and make use of experiential learning at embassy level.
- The impact of the increased attention to alignment and harmonisation issues on the workload of embassy personnel should be continuously assessed in order to better comprehend the long-term impact on transaction costs of implementation of the Declaration.
- It should be considered to assign local staff more responsibility for policy dialogue and implementation of Danish development cooperation as a means to reduce the workload of posted staff.
- The Ministry of Foreign Affairs should define more clearly, and in a transparent manner, the career pathways and staff assessment practices, and ensure that these take account of parameters related to the aid effectiveness agenda in a more explicit fashion.
- The Performance Management System should be further elaborated to address issues related to "mutual accountability" and "management for results".

Ministry for Foreign Affairs of Finland
Department for Development Policy
Unit for Evaluation and Internal Auditing

Evaluation of the Implementation of the Paris Declaration: Case Study of Finland

Executive Summary

The evaluation was carried out by a two-person team:
Mr Jyrki Salmi, Team Leader
Ms Merja Mikkola, Evaluation Specialist, from INDUFOR Oy
The team was supported by a development theory specialist Dr Jussi Raumolin, who acted as a coach to the team.
In addition, INDUFOR provided extensive research assistance support to the team.

This evaluation was commissioned by the Ministry for Foreign Affairs of Finland to Indufor Oy in cooperation with Ekonomik. The consultants bear the sole responsibility for the contents of the report. The report does not necessarily reflect the views of the Ministry for Foreign Affairs of Finland.

Executive Summary

1. Evaluation of the Implementation of the Paris Declaration – Case Finland is the Finnish contribution to the first stage of the global joint evaluation of the Paris Declaration. The purpose of this evaluation was to: "*assess the extent to which the concepts of the Paris Declaration have been taken into account in the policies of the Finnish Government, in development aid policy, and at the level of organisational aid delivery, including guidelines and planning tools, reports and the overall accountability framework at the headquarters (HQ) in Helsinki, and to the extent necessary, also at the country level in the diplomatic missions of Finland*". Furthermore, the purpose was to examine whether there is coherence in policies and actions between the various development policy implementers and aid delivery channels.

2. For Finland, the timing of the overall evaluation was challenging. Moreover, the evaluation was challenging because, during the evaluation of the Paris Declaration, the Finnish Government, elected in March 2007, was in the middle of revising the Government's four-year development policy. Also, the first draft of the Organisation for Economic Cooperation and Development (OECD)/Development Assistance Committee's (DAC) 2007 peer review on Finland's development policy was issued during the course of this evaluation.

3. The evaluation was carried out over two months, from late August to late October 2007. Information for the evaluation was collected by means of:
   - Reviewing existing reports and information
   - Carrying out a broadly distributed email survey
   - Face-to-face interviews of key informants
   - Stakeholder workshop

4. The main ***findings and recommendations*** of the evaluation are presented in this report. First, some general findings are included, and thereafter an abridged version of the findings and recommendations relating to the four main evaluation themes: leadership, capacity, incentives and coherence; coherence being a special theme in Finland.

General

5. Finland is fully committed to the implementation of the Paris Declaration, both at the political and practical implementation levels. However, there are slightly differing views on the priorities regarding the Paris Declaration principles and indicators among two of the major Finnish stakeholders. For example, the Ministry for Foreign Affairs emphasises ownership, alignment and harmonisation whereas the Ministry of Finance underlines managing for results.

6. Finland has made only slight changes to its development policies over the past two decades. The Paris Declaration principles can be said to have featured in Finnish policy well before the Paris Declaration itself. However, the Paris Declaration has truly influenced Finnish aid administration and aid delivery; the Paris Declaration principles have been used increasingly in a very systematic manner in decision-making on Finnish aid. Finland is on the right track in terms of Paris Declaration implementation.

7. However, some contractors, Ministry for Foreign Affairs staff members and politicians/decision-makers see one major problem in the present Paris Declaration framework and in the direction in which the Paris Declaration implementation appears to be taking development cooperation, namely in that the Paris Declaration focuses purely on how public sector aid is channelled, but it remains silent on the founding questions of development, on the role of non-state stakeholders, and on the content or substance of aid. The latter has been left to the partner countries to be decided through their national political processes. The same stakeholders perceive the Paris Declaration as a way to improve and increase public sector aid flows, and thereby effectively limit, although perhaps unintentionally, broader debate on development. They seem to think that while Paris Declaration implementation may be on the right track, the track is leading us in the wrong direction.

8. The results of the 2006 Survey on Monitoring the Paris Declaration Implementation stirred up discussion and an assessment of the fact that Finland received a below average ratio for the predictability of aid. The results of the 2006 Survey should indeed be systematically analysed, e.g. in the Aid Effectiveness Working Group of the Ministry for Foreign Affairs. Subsequently, the necessary decisions should be taken to overcome the identified bottlenecks and to improve Finland's performance.

Leadership

9. **Conclusion**: Finland is committed to the principles of the Paris Declaration. The political support for respecting the ownership of partner countries as well as to act in a coherent manner at all times is strong. Ownership as well as other Paris Declaration-related issues have been understood and debated in Finland for many years. The alignment of Finnish assistance is on-going but at the same time challenging. In the name of increased aid effectiveness and more harmonised cooperation, Finland is prepared, to a certain extent, to re-direct its assistance. The predictability of Finnish aid has been much debated after the 2006 Survey on Monitoring the Paris Declaration.

10. **Recommendation**: Well and carefully prepared high-level consultations between Finland and Development Partners should be continued as a forum, both for discussing all forms and modes of aid and for reaching agreement on them. In addition, the impacts gained by the assistance should be discussed with the respective partners. The planning and design of Finnish aid should continue to be realistic and take into consideration the situations in the partner countries in order to allocate aid timely.

Capacities

11. **Conclusion 1**: In-depth knowledge about the Paris Declaration in Finland is limited to the Ministry for Foreign Affairs staff who work directly on Paris Declaration-related issues. There are knowledge gaps at various levels in the Ministry for Foreign Affairs and especially outside the Ministry for Foreign Affairs among other Finnish stakeholders. There are formal training arrangements for Ministry for Foreign Affairs staff, but they are either insufficient or they are not reaching those who need the training. The lack of easily available statistical information on Paris Declaration implementation is also an impediment to increased knowledge. The statistical system of the Ministry on development cooperation does not include Paris Declaration-specific markers, nor is the use of a marker system obligatory in recording commitments and/or the use of funds.

12. **Recommendation 1**: Organise on a systematic basis departmental or regional training/events for exchanging experiences within the Ministry for Foreign Affairs on important policy and procedural topics with special reference to Paris Declaration implementation. Organise, for example, annual seminars around topical training packages for non-governmental organisations and consultants/contractors. The Ministry for Foreign Affairs should consider introducing obligatory markers in its statistical system with special reference to selected key Paris Declaration-specific markers.

13. **Conclusion 2**: The decentralisation of aid administration and management through the delegation of bilateral development cooperation administration to embassies has been piloted for two years. It is now time to learn the lessons and draw conclusions on a more permanent solution.

14. **Recommendation 2**: The Ministry for Foreign Affairs should consider the permanent delegation of bilateral development cooperation administration to embassies, based on the lessons learned from the pilot project, and to remove the remaining bottlenecks relating to limited decision-making powers. The respective instructions or guidelines should be prepared and issued.

Incentives

15. **Conclusion:** In Finnish public administration, especially within the Ministry for Foreign Affairs, there is tradition of acting on the basis of policies and formal decisions without the need for incentives as a means to encourage or secure the achievement of the expected results. Consequently, there has been no systematic thinking within the Ministry for Foreign Affairs about introducing incentive systems that would reward good performance by the partner countries. The Ministry for Foreign Affairs's new Results-based Management System is a good and positive development. Linking good performance in the Results-Based Management System with possible incentives merits careful thinking.

16. **Recommendation**: Innovative and unprejudiced internal discussion on the introduction of incentives and linking them with the Ministry for Foreign Affairs's Results-based Management System should take place within the Ministry for Foreign Affairs and between the Ministry for Foreign Affairs and the Ministry of Finance. Similarly, the possibility of introducing incentives in financing agreements with partner countries should be discussed.

Coherence

17. **Conclusion 1**: There are varying interpretations on coherence both among Ministry for Foreign Affairs staff and other stakeholders in Finland. Consistent development policies in Finland have helped to increase coherence in implementation, and coherence has been given high importance in Finland. In the multilateral framework, Finland aims to act in a coherent manner. Finland's goal is to get Paris Declaration issues taken fully on board by all multilateral institutions.

18. **Recommendation 1**: The different dimensions (internal, intra-governmental, and inter-governmental) of coherence should be borne in mind. Coherence should be understood as a tool, not as a means in itself, to implement effectiveness. Finland should continue to put emphasis on coherence within multilateral forums.

19. **Conclusion 2**: Coherence in development matters is primarily the responsibility of the Ministry for Foreign Affairs. It is a demanding task for the Finnish administration to act in a coherent manner at all times and occasions. To ensure coherence, there are a number of processes and management mechanisms, and inter-ministerial as well as inter-departmental working groups. However, there is a lack of information/knowledge about the Paris Declaration and its contents in other ministries apart from the Ministry for Foreign Affairs.

20. **Recommendation 2**: New working groups, both within the Ministry for Foreign Affairs and inter-ministerial, are required to ensure coherence in issues such as climate change, the use of natural resources, and agriculture. The working groups should operate in general in a more formal and structured manner. There should be well-formulated instructions, guidelines and training to enhance common approaches to coherence.

Recipient:
Ministry of Economy, Finance and Employment
Directorate General of the Treasury and Economic Policy
Department for the Evaluation of Development Activities
Department of European and International Affairs

Evaluation of the Implementation of the Paris Declaration: Case Study of France

Synthesis Report

In accordance with the principle of impartiality, the evaluation has been carried out by consultants who were not required to work on the projects evaluated.

SEE
Société d'Etudes et d'Evaluation sarl
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Evaluation of the implementation of the Paris Declaration by France
Final report

Summary
Scope, subject and limitations of the evaluation

Scope of the evaluation

On 2 March 2005, the main donors and beneficiaries of public development aid (PDA) signed the Paris Declaration (PD) in which they pledged, with the goal of improving the effectiveness of the PDA, to comply with five basic principles: ownership, alignment, harmonisation, managing for results and mutual accountability.

The hypothesis according to which the implementation of these principles actually leads to an improvement in the effectiveness of aid has yet to be borne out. This is why the signatories have set up a monitoring and evaluating system characterised by:

- Monitoring of the effective implementation of these principles by donors and beneficiary countries by drawing on a grid of 12 indicators and the monitoring of changes in these indicators at the level of 22 donors and 34 beneficiary countries that have volunteered to take part in this trial carried out under the aegis of the OECD.
- An evaluation carried out in two stages: a) simultaneous evaluations have been launched at the level of 10 donors and 10 beneficiary countries and b) the effect of the application of the principles of the Paris Declaration on the effectiveness of aid will subsequently be investigated.

The lessons of the first evaluation phase will contribute to the drafting of an initial report in preparation for the 3rd High Level Forum on the Paris Declaration (Accra, second half of 2008). The report will be presented first of all to the co-operation and cultural action unit (SCAC) and the French Development Agency (FDA) in January 2008 and at an international meeting in Johannesburg on 31 January and 1 February 2008.

Purpose of the evaluation

The evaluation gauges to what extent France has achieved progress with respect to the commitments it has made. It seeks to explain these findings by analysing the political impetus that has been given, the degree to which human and institutional resources have adapted in the desired direction and the system of incentives likely to motivate players to buy into this approach.

Limits

The PD was involved in changing the approach adopted by the PDA in a very dynamic manner even before it was signed. The inability to take a step back and the difficulties surrounding ownership pose two major obstacles for the evaluator. In this case, the only solution will be to circumvent them, first by analysing the process of change rather than its effects and, secondly, by giving up the idea of establishing causality links.

Overall assessment

Patchy improvement with respect to the principles of the Paris Declaration

The baseline surveys conducted by the OECD Development Assistance Committee (DAC) enabled France's initial level to be established in 2006 with respect to the PD indicators. These surveys will be repeated in 2008 and will make it possible to determine the extent to which progress has been achieved. The following assessment directly refers to the five principles and identifies the changes that can be deemed to be in line with these principles.

Ownership

France has adopted approaches implemented at an international level and refers to tools such as PRSPs (Poverty Reduction Strategy Papers) (as a political reference framework) or PEFA (Public Expenditure and Financial Accountability) (as a monitoring instrument used for the management of public finances). France ensures that a growing proportion of its aid is booked in the budget of partner governments and is developing regional strategic support hubs. However, the first generation of Partnership Framework Documents (PFD) (a relatively recent aid planning instrument) was designed without any significant consultation.

Alignment

France continues to provide budgetary aid to a limited, but increasing extent. The French Development Agency (FDA) has always drawn on national procedures for the management of the interventions it funds. In contrast, the Priority Solidarity Fund (PSF) continues to be managed to a large extent according to French procedures. The results can only be predicted to a limited extent: the PFD sets out the planned expenditure over five years, but France is unable to commit itself to these figures, especially due to the fact that budgetary decisions are made on an annual basis.

Harmonisation

France makes a substantial contribution to multilateral funds and to sector-related mutual funds in certain countries. It actively participates in the European Code of Conduct. The PFD imposes a degree of concentration of resources but many interventions are still launched without any concentration. France actively participates in joint initiatives launched by donors in the countries where they are organised.

Managing for results and mutual accountability

These two principles are still barely applied, except in some countries where pressure exerted by peers has enabled interesting experiments to be undertaken. The monitoring indicators that are used remain, however, closer to the concept of output than that of outcomes.

In other words, there have been some changes heading in the direction of the PD principles, but they remain fairly limited. To what extent are these changes due to the deliberate implementation of PD principles? The answer to this question can be found in an analysis of the factors that explain this situation.

Explanatory elements

The staff employed by the Ministry of Foreign and European Affairs and the FDA are largely aware of the existence of the PD, but the precise implications for individual staff members often result from personal interpretations and initiatives. France played a proactive role in the process leading to the drafting of the PD and rapidly applied its concepts to a French action plan that was definitely in line with the PD, but the implementation of this plan is running behind schedule.

The evaluation suggests that three main explanatory elements account for this situation:

I) The flaws in the analysis of the application scope of the PD, in other words, the characteristics of PDA and the countries in which it operates.
II) The lack of political impetus.
III) The institutional framework of French aid.

I) The PD applies to public development aid, but the **notion of PDA** is a heterogeneous concept that encompasses interventions aimed at achieving a wide variety of objectives and implemented in countries with widely diverging characteristics:

- Interventions may be motivated by various kinds of objectives: supporting the public action of a partner country, making a contribution to initiatives aimed at meeting global public challenges, promoting the donor's values, interests or priorities or reacting to humanitarian emergencies.
- Interventions motivated by these various kinds of objectives are implemented in a wide spectrum of countries that range from emerging economies to states that have been thoroughly destabilised.
- France operates in countries where it is one of the main donors and where it enjoys huge potential in terms of political influence. In other cases, it plays a far more marginal role.

The question of ascertaining to what extent and in what way the five principles of the PD must be implemented in these different types of situations has not been covered by precise analyses or clear operational instructions.

II) France has taken part in the process of implementing the PD under the pressure of **five kinds** of incentive, classified as follows in their decreasing order of importance:

- A specific momentum, which appeared before the PD, and which is the most powerful driving force accounting for the aforementioned results.
- A horizontal impetus between signatory donors that is very strong in some countries.
- A vertical 'administrative' impetus, which originates from the managers of the three components of the French PDA system.
- A weak political impetus in France, where the PD is seen to be an administrative type of initiative as its political dimension has not yet been grasped.
- An equally limited political commitment by partner governments.

The PD approach has therefore not been bought into politically in France or partner countries.

III) The three players in charge of French PDA are involved in a **series of reforms that are increasingly differentiating their fields of activity,** and this leads them to position themselves differently with respect to the PD.

These three explanatory factors are not independent of one another. The weak impetus for implementation might result from conceptual, but also political, difficulties arising from the application of the PD to such a vast and heterogeneous field as PDA.

Recommendations

The evaluators' main proposal is to apply a **strategy of gradual** operational implementation of the PD, in five stages:

1 Acknowledge the heterogeneity of the PD's application scope.
2 Identify, with respect to the different dimensions of this field, the characteristics of 'ideal cases' with regard to which applying PD principles seems to be both the most pertinent and the least difficult.
3 Define and apply a strategy aimed at implementing the PD in these cases.
4 Draw the relevant lessons from this initial application by using an adapted information system, which is furthermore necessary to meet the fourth and fifth principles of the PD.
5 Gradually broaden the scope of application by adapting if necessary the operational criteria and possibly discussing once again the pertinence of applying certain principles according to the context.

A gradual approach based on an analysis of the characteristics of the application scope of the PD would allow France to:

- design the operational implementation of the PD under the best conditions,
- obtain more rapidly the necessary political agreements, because the fields of application will be limited and clearly defined,
- achieve concrete results more rapidly and be able to report them,
- be able to make a credible case to defend the need for adjustments to the PD insofar as one draws further away from the ideal conditions for its application.

The diversity of the scope of application also implies that training agents in the field should, to a significant extent, include listening to them and learning from their experience.

Lastly the study draws attention to the importance of the last two principles of the PD (managing for results and mutual accountability): the application of these principles will provide the information that is indispensable for the approach as a whole and, therefore, its credibility in the medium term. The study recommends that France should play a key role to ensure that these two principles, which have been discarded to some extent, recover the important role they deserve.

Federal Ministry for Economic Cooperation
and Development, Germany (BMZ)

Evaluation of the Implementation of the Paris Declaration: Case Study of Germany

Executive Summary

Guido Ashoff, Beate Barthel, Nathalie Bouchez,
Sven Grimm, Stefan Leiderer, Martina Vatterodt

The report, which this paper summarises, has been commissioned by the evaluation division of the Federal Ministry for Economic Cooperation and Development, Germany (BMZ). The opinions presented in this study are those of independent external experts and do not necessarily reflect the views of BMZ.

Executive Summary

The evaluation is based on 54 interviews with 103 interlocutors in two groups of institutions: first, a core group comprising the German Federal Ministry for Economic Cooperation and Development (BMZ), the Foreign Office and the main implementing agencies Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), KfW Entwicklungsbank, German Development Service and Capacity Building International (InWEnt), and, second, an additional group made up of the Federal Ministry of Finance, the Federal Parliament's Committee on Economic Cooperation and Development and several development Civil Society Organisations. In addition 40 questionnaires were sent to the representations of the core group institutions in the ten partner countries of the overall evaluation, 34 of which were answered.

I Assessing Commitment

General Acknowledgement and Interpretation of the Paris Declaration

Commitment to the Paris Declaration in the German aid system is high. The Declaration is widely acknowledged as a politically binding framework and there is a broad consensus among virtually all actors in the German aid system that the five principles laid out in the Paris Declaration are key for enhancing the effectiveness of aid. There is a general concern about somewhat unclear definitions and different interpretations of some principles and modalities in the Paris Declaration. In particular with regard to mutual accountability and – to a lesser degree – managing for results, a number of interlocutors expressed their concerns that both principles were not as clearly defined as the other three and stressed that their relevance ultimately depended on the definition adopted. In addition, a number of potential conceptual conflicts between some of the principles were highlighted, in particular between ownership on the one hand and harmonisation, managing for results and mutual accountability on the other.

Another concern expressed by several interlocutors is that some other donors tend to interpret the Paris Declaration principles and modalities in such a way as to favour budget support as the aid instrument of choice.

Furthermore, the Paris Declaration is criticised by various actors for being too much focused on central government. In the view of many interlocutors, such a rather narrow interpretation is a matter of concern particularly with regard to the principle of ownership, which is generally assigned the highest relevance among the five Paris Declaration principles. This would neglect other important stakeholders in development processes, namely parliaments, sub-national units of government, and civil society.

As far as the modalities and indicators agreed in the Paris Declaration are concerned, overall commitment is similarly high in the German aid system. Yet, views on how the individual indicators are to be interpreted tend to differ between German aid institutions.

- The main debate is on the interpretation of indicator 4 (capacity strengthening by coordinated support), indicators 5a and 5b (use of country public financial management and procurement systems) and, in particular, indicator 9 (use of common arrangements and procedures through programme-based approaches).
- Echoing also the international debate, there has been a controversy on the interpretation of the concept of programme-based approaches, in particular on the question whether the PBA concept implies only financial contributions in support of joint programmes or whether the concept allows for direct contributions (in kind) as well. By now, a common understanding within the German aid system has been achieved that programme-based approaches represent a broad concept of support to partner programmes that can involve different aid instruments, including direct contributions through technical cooperation. This consensus entails the policy that joint financing mechanisms such as basket funding arrangements and in particular budget support can effectively contribute to implementing the Paris Declaration principles. However, serious reservations against these instruments remain in Parliament, particularly in the Budget Committee.
- While the need to reduce transaction costs through joint missions, monitoring and evaluations with other donors is widely acknowledged and German aid agencies seem committed to actively coordinate efforts with other donors, the main challenge created by the principle of harmonisation is seen in better coordination within the German aid system.
- BMZ acknowledges that delegated cooperation can be a sensible approach to achieve better division of labour. Such cooperation is, however, considered a transitional instrument and BMZ does not generally aim at medium or long-term delegated cooperation, in particular not as a silent partner.

There is numerous anecdotal evidence on positive and negative effects of the Paris Declaration. The observed negative effects, however, do not seem to seriously undermine the overall commitment to the Paris Declaration.

In principle, the Paris Declaration is considered to be relevant across all countries receiving German development aid. Nonetheless, it is generally acknowledged that the Paris Declaration is primarily relevant for least developed countries. Some principles and modalities would require country-specific interpretation and weighing in post-conflict or fragile states. The same applies to anchor countries, which, due to their economic weight and political influence, play a growing role on a regional and global scale in defining international policies and achieving the Millennium Development Goals.

Reflection in Policies

The high commitment to the Paris Declaration is reflected in various policy documents and planning processes. In September 2005, BMZ presented a detailed implementation plan, complemented in December 2006 by a manual for the German aid system (i.e. BMZ and implementing agencies). Implementing agencies have incorporated Paris Declaration requirements into their programming (via corporate annual goals) and are making explicit references to the Paris Declaration.

Planning and programming have particularly evolved with regard to programme-based approaches. Procedures in German development cooperation have been adapted to some extent: The "Guidelines for Bilateral Financial and Technical Cooperation" were updated in March 2007 and allow for enhanced flexibility in joint funding mechanisms as well as for delegated cooperation and silent partnerships. Under the German EU Presidency in 2007, a significant contribution was made to establish a "Code of Conduct on Complementarity and Division of Labour in Development Policy". Concerning managing for results, BMZ has established a system to improve direct aid management towards objectives. An important step in this regard has been the introduction of joint programme proposals being elaborated by the implementing agencies on the basis of the priority area strategy papers and indicating the results to be achieved. Implementing agencies have monitoring and evaluation systems in place. Changes in procedure have at times pre-dated the Paris Declaration and are also motivated by improvements towards a joined-up German development cooperation.

Dissemination

The Paris Declaration and documents on related topics have been disseminated widely and intensively in the German aid system: widely due to the involvement of the main actors of government, parliament and Civil Society Organisations, and intensively, since the dissemination frequently extended beyond the provision of information by taking the form of discussions of specific subjects of the Paris Declaration. The continuous dissemination and discussion have certainly contributed to increasing the knowledge and understanding needed to implement the Paris Declaration agenda.

II Assessing Capacities

Institutional Capacity

The institutional embedding of the Paris Declaration in the German aid system appears to be adequate since there are focal points (except in one case) and units of different configurations (divisions, working groups, competence centres) dealing with relevant Paris Declaration-related topics. Knowledge of the Paris Declaration and understanding of its relevance are high, which is due to several factors: the dissemination referred to before, the intensive Paris Declaration-related training organised by the main aid institutions particularly in areas that constitute a challenge, the need to participate in Paris Declaration -induced alignment and harmonisation efforts

and, finally, the continuous exchange of information among all actors involved.

As for human resources and capacity of action (especially at country level), the Paris Declaration agenda is a challenge for the German aid system which has spurred a number of positive responses. These efforts are useful but appear to be not yet satisfactory regarding BMZ and German Development Service headquarters and particularly German embassies. The latter, despite the support received from country staff of the implementing agencies, appear to be insufficiently staffed and authorised for effective dialogue and negotiations with partners and other donors. Since the implementation of the Paris Declaration is notably a matter at country level, the reduced capacity of action of development cooperation officers at embassies is a bottleneck that has to be addressed.

Systemic Capacity

There are factors inherent in the German aid system and extending beyond the sphere of individual organisations that both support and complicate the implementation of the Paris Declaration. The evaluation highlighted four supporting aspects: (i) cabinet rank of development cooperation (making it easier to defend the Paris Declaration agenda from the perspective of aid effectiveness, if conflicts of interest with other government departments arise), (ii) considerable implementation capacity (German aid organisations being strong providers in capacity building, for instance, and attractive partners for delegated cooperation and silent partnerships), (iii) multi-level approach adopted by German aid organisations (which therefore claim to be well rooted in partner countries and in a good position to take part in policy and sector dialogue), (iv) wide-spread country representation.

By contrast, interviews and answers to the questionnaires pointed to the following complicating factors: (i) co-responsibility of BMZ and Foreign Office (particularly at country level), (ii) multi-organisational aid system (affecting the efficiency and effectiveness of German aid), (iii) institutional separation of financial and technical cooperation, (iv) specific delivery modalities in the area of bilateral technical cooperation, (v) various problems of representation at the country level. These problems are not new and have prompted a number of reforms over the last decade, which have been recognised as helpful throughout the evaluation. Still, a number of interlocutors (mainly in BMZ) stated these reforms were insufficient for the German aid system to be fully able to cope with the Paris Declaration agenda.

III Assessing Incentives/Disincentives

The study identified six incentives: intrinsic motivation (appearing to be the strongest one), BMZ commitment to the Paris Declaration, organisational target agreements, individual performance targets, confirmation of institutional profile and synergies/learning. Organisational target agreements and individual performance targets refer to the Paris Declaration agenda to varying degrees, but in some cases need to be operationalised more clearly with regard to relevant Paris Declaration-specific issues in order to perform a strong incentive function.

The following disincentives were reported: Shortage of staff, aggravated by an additional workload as a result of increasing transaction costs due to the Paris Declaration, BMZ's fast staff rotation, complexity of the German aid system (requiring considerable coordination efforts), interfering political priorities, call for visibility of German aid contributions, and institutional self-interests. Some of the disincentives can be overcome exactly by a consistent implementation of the Paris Declaration (e.g. by harmonising approaches and modalities, thus reducing transaction costs, or by demonstrating that joining efforts of partners and donors can enhance aid effectiveness much more than insisting on the visibility and tracing of individual aid contributions).

IV Conclusions

Commitment

In order to sustain the high commitment to the Paris Declaration in the German aid system, it will be important to achieve a better common understanding of the principles, modalities and indicators of the Paris Declaration. Conceptual conflicts between some of the Paris Declaration's principles as well as potential conflicts between internal and external accountability on the recipient and on the donor side need to be addressed. The discussion on a broader concept of ownership in the sense of "democratic ownership" needs to be taken further at national and international level in order to establish a common understanding of the concept and to address concerns that some actors on the donor and the recipient side might have too narrow an understanding of ownership as central government ownership only.

For the German Paris Declaration implementation plan to retain its function as a key document, it needs to be updated and continuously monitored. Given the urgent need to reduce transaction costs of development cooperation, BMZ should consider to mandate German implementing agencies to act as silent partners on more occasions. Clear criteria need to be established at the international level as to the circumstances under which in kind contributions to programme-based approaches should be considered appropriate. This decision should be strictly guided by the objective to support partner countries' development strategies in the most effective way that is appropriate and feasible.

Dissemination and Paris Declaration-related training should be regarded as continuous tasks for three reasons: (i) within the "lifespan" of the Paris Declaration implementation (2005-2010 and possibly beyond) sizeable changes of staff are taking place in many organisations with which dissemination and training have to keep pace. (ii) Since achieving some of the Paris Declaration targets still requires a considerable way to go, the momentum regarding implementation and hence dissemination and training needs to be maintained (particu-

larly as far as challenging areas are concerned). (iii) Experience from implementation should be fed back into dissemination and training with a view to deepening the common learning process of all actors involved.

Capacity

As for the problem of human resources and capacity of action at country level identified as a bottleneck of institutional capacity, four aspects deserve attention: (i) the problem of high workload reported mainly by BMZ and German Development Service (ii) the need to better staff German embassies, (iii) delegation of more decision-making power to development cooperation officers at the embassies, (iv) maintaining the momentum of Paris Declaration implementation since only then transaction costs can be expected to decrease.

The systemic factors complicating the implementation of the Paris Declaration need to be addressed since the Paris Declaration agenda is ambitious in itself and poses a challenge for Germany as the 2006 Baseline Survey has shown. It is beyond the scope of this evaluation to indicate precise ways of how to deal with the problems reported since in some cases very complicated issues are involved. While it is probably overly optimistic to expect them to be solved within the time horizon of the Paris Declaration (i.e. until 2010), the message resulting from this evaluation expressed by many interlocutors is clear: Putting the Paris Declaration agenda into practice requires further reforms whose implementation offers the German aid system the chance not only to increase its own efficiency and effectiveness but also to contribute to enhanced aid effectiveness overall.

Incentives/Disincentives

Intrinsic motivation was said to be the strongest incentive and, hence, constitutes an asset which needs to be maintained (by sustained commitment to the Paris Declaration and support to staff engaged in implementation). In addition, Paris Declaration targets should be integrated into organisational target agreements and, as far as possible, into individual performance targets (where this has not yet happened). It has to be kept in mind, however, that achieving Paris Declaration targets also depends on partner countries' conditions and behaviour. As for the reported disincentives, BMZ should follow a more strategic staff planning ensuring more continuity in staff. Overcoming several other disincentives reported depends on both vigorous implementation of the Paris Declaration (which for instance should reduce transaction costs) and further reforms of the German aid system (which, among other things, would make coordination easier).

Ministry of Foreign Affairs and Immigration
Directorate-General for Development Cooperation
Luxembourg

Evaluation of the Implementation of the Paris Declaration: Case Study of Luxembourg

Synthesis Report

Evaluation carried out by Mr Robert Kremer, consultant.

Executive Summary

Luxembourg's participation in this first-phase evaluation of the Paris Declaration (PD) confirms the country's great interest in and commitment to the new principles of international development cooperation that were adopted in 2005 during Luxembourg's EU Presidency.

The data highlighted in the evaluation study were collected from the beginning of 2007 through studies, questionnaires and various seminars carried out at the cooperation's headquarters in Luxembourg and in certain target countries including Burkina Faso and Laos.

As far as the results of this first phase of the evaluation study of the PD are concerned, and in line with the initial comments made by the team of evaluators of the Review of the peers of the Luxembourg Cooperation at the end of their visit to the country, which took place in Luxembourg at the end of 2007/ beginning of 2008, it can be concluded that despite excellent preparation, the details concerning the implementation of the PD have yet to be realised to a large extent. In relation to the three main questions posed by the evaluation, the following must be said:

- Despite their scope, the incentives provided and the commitments, both international and national, have not yet succeeded in translating the PD into legislation and the restructuring efforts required.
- Capacities have been significantly increased, particularly on the ground, through the establishment of decentralised cooperation offices. Nevertheless, the offices in the target countries have yet to begin to participate generally in sector-related dialogue.
- In Luxembourg, there are no formal incentive systems aimed at encouraging Government workers to implement a decisive policy at a competent level. However, participation in policy-related dialogue has certain benefits for field workers. It is also necessary to mention the obstacles to implementing a change of policy, such as the ignorance of new techniques, accounting risks and the restructuring operations that are necessary.

In conclusion, three major points are essential for putting the PD, the EC and the European Code of Conduct into practice:

1. *The restructuring of inter-departmental collaboration,* that is to say collaboration between the Ministry and its decentralised cooperation offices with LuxDevelopment (LD), both on the ground and at the Headquarters, with a number of goals including: to better master new methods of implementing aid, to achieve more compact representation to the outside world and to manage operations more effectively.
2. *Acquiring and mastering new modular techniques* for implementing aid, as well as industry-related expert reports. This task presents itself in different ways as far as the Ministry and LD are concerned. The former requires general knowledge to enable it to make decisions and to perhaps monitor the reference terms and to understand reports. Given that the primary task of the Ministry is that of a political official, it will not possess the resources or skills required to assume a leading role with regard to the issues, sectors or methods. On the other hand, LD shall be responsible for gathering together all of the expert reports and providing the Ministry with these in good time.
3. *The adaptation of the Ministry and LD's operating procedures* in accordance with the two aforementioned tasks.

It is a question of establishing a very flexible framework of operating regulations, providing field staff with a great deal of freedom to act and taking our own experience, as well as that of other partners, as a basis on which to build.

Policy and Operations Evaluation Department (IOB)
Netherlands Ministry of Foreign Affairs

Evaluation of the Implementation of the Paris Declaration: Case Study of the Netherlands

Executive Summary

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"Ahead of the Crowd?"

The Process of Implementing the Paris Declaration
Case Study: the Netherlands

Agency-level evaluation conducted during the first phase of the evaluation of the implementation of the Paris Declaration

Executive Summary

Introduction: Focus and Methodology

This evaluation explains how the Netherlands has translated the Paris Declaration on Aid Effectiveness (2005) into policies and procedures for implementation. It is one of a series of studies conducted by donors and partner countries under the auspices of an international Reference Group comprising members of the OECD/DAC Working Party on Aid Effectiveness and the OECD/DAC Network on Development Evaluation. The findings of this study form the Dutch contribution to the Synthesis Report to be submitted to the High Level Forum in 2008. In addition, the evaluation is intended to be instructive for the Netherlands Ministry of Foreign Affairs.

As less than three years have passed since the Paris Declaration was adopted, the evaluation is primarily concerned with the efforts made (i.e. inputs) to comply with the commitment to the Declaration. It aims to document and assess how the Netherlands has made this commitment operational at headquarters level (i.e. the Ministry of Foreign Affairs) and in embassies. The central question is how the principles of the Paris agenda – Ownership, Alignment, Harmonisation, Managing for results and Mutual accountability – have found their way into the policies, guidelines, instructions, etc. of Dutch development cooperation. Compliance in terms of output (results) will be captured by the various evaluations conducted at partner country level, which will document and assess the behaviour of the embassies and field offices of the various Development Partners, including the Netherlands. By way of illustration, this report includes some examples of outputs: for instance, of the way in which Dutch aid is changing in response to the Paris agenda. The evaluation does not set out to provide a judgement on the theory underlying the Paris Declaration: that aid will be more effective if the five principles are adhered to, but less effective if they are not. This issue will be covered during the second phase of the overall evaluation of the Paris Declaration.

The evaluation was conducted in a brief period of time by reviewing documents and holding interviews to ascertain the interpretation of the Paris Declaration at headquarters level. In addition, nine Dutch embassies were requested to respond to questions about their efforts to implement the Paris Declaration. These were the embassies in Bangladesh, Bolivia, Mali, Senegal, South Africa, Sri Lanka, Uganda, Vietnam, and Zambia, all of which are partner countries scheduled to conduct their own evaluation. It was hoped that in this way, synergy could be created between the Netherlands case study and the evaluations at partner country level.

A Monitoring Survey conducted in 2006 identified three dimensions in which donor practice fell short of compliance with the Paris Declaration: commitment, capacity building and incentive systems. In line with the other donor and partner country evaluations, the Netherlands headquarters study was required to apply these three dimensions to assess the Netherlands compliance with the principles of the Paris agenda.

Main Findings

Commitment

There is a high level of Dutch commitment to the implementation of the Paris Declaration. The Minister of Development Cooperation, staff at the Ministry of Foreign Affairs and staff at the embassies acknowledge its relevance, support its principles and are making efforts to realise the agenda in practice. The principles of ownership, donor harmonisation and alignment have been part of Dutch development cooperation since the 1990s, when sector support and budget support started to replace project aid. Recent expressions of the commitment are found in policy documents of 2003 and 2007. The policy letter of the Minister for Development Cooperation, Our Common Concern, Investing in development in a changing world (October 2007), demonstrates a political interpretation of the Paris agenda, by stating that causes of poverty are to be dealt with and that political choices in developing countries should be transparent and open to debate, making the government accountable to its parliament and people. The commitment to the Paris Declaration is also made clear in the explanatory notes to the annual development cooperation budget; furthermore, special reports to Parliament document the progress made in the implementation of the Paris agenda.

Commitment is also demonstrated by the prominent role played by the Netherlands in international forums, such as the Nordic Plus donor group, the OECD/DAC during the run-up to the Paris Declaration and thereafter, and the European Union with regard to the EU Consensus on Development of 2006 and the EU Code of Conduct on Complementarity and Division of Labour of 2007.

The Dutch Parliament has not shown an explicit interest in the Paris Declaration. Queries in the House of Representatives regarding the Declaration have been restricted to written questions. Parliament gave approval for the shift from project support to sector support that has occurred since 1988 and to the increasing application of sector budget support and general budget support.

The Dutch NGOs for development cooperation are gradually entering the debate on the Paris Declaration, as a watchdog monitoring the effects of the new aid agenda and as implementing agencies that are themselves confronted with the challenges of harmonisation, alignment and mutual accountability.

Capacity

Capacity to realise the implementation of the Paris agenda is adequately available at headquarters in The Hague and at the embassies. This is partly attributable to the fact that an infrastructure conducive for the implementation of the principles of the Paris Declaration had been in place since the late 1990s. Especially significant in this regard has been the far-reaching delegation of responsibilities to the field. The presence of sufficient capacity is also partly due to measures taken more recently, such as the establishment in 2005 of a special unit at the Ministry of Foreign Affairs. This Effectiveness and Quality Department has developed into the hub fostering the promotion of the Paris Declaration. It provides support and advice on policy implementation and stimulates discussion on issues to do with aid effectiveness. Two special support programmes have been initiated: the Public Finance Management Support Programme and the Embassy Support Programme for Institutional and Capacity Development. Also, Country Teams consisting of a mix of headquarters staff periodically visit embassies to discuss with them the opportunities for and progress with implementing the Paris Declaration.

Several guidelines and operational directives have been developed to facilitate the implementation of the Paris Declaration by the embassies. The Track Record instrument, operational since 1994, has been adapted to provide an analysis of a partner country and is used to inform decision-making on aid modalities. The Sectoral Track Record was introduced in 2007 to analyse the sectors and sub-sectors supported by the Netherlands. It includes the twelve indicators of the Paris Declaration. The Multi-Annual Strategic Plan (MASP), the main tool for the Ministry's planning cycle, is geared towards making strategic choices regarding the Paris Declaration; the Track Records analyses are used for that purpose. The Strategic Governance and Anti-Corruption Assessment was introduced recently as a tool to analyse aspects of formal and informal governance at the level of individual partner countries. The Procedural Guidelines for Development Cooperation have been adapted to enable alignment and harmonisation, budget support, sector support and Silent Partnerships. The Planning, Monitoring and Evaluation procedures for Dutch development aid were streamlined in 2006-2007 to focus more on results and take account of harmonisation and alignment. In general, the embassies consider the guidelines and directives appropriate for their work, but some embassies have indicated that they lack sufficient public finance and legal expertise.

Notwithstanding the positive attitude and the widely shared commitment to implement the Paris Declaration, the new agenda has also raised concerns about design and practice. In terms of design, the technical nature of the agenda has been questioned, as has the loss of focus on thematic issues. Another set of concerns has to do with the internal contradictions in the Paris agenda, where donor harmonisation may stand in the way of further alignment and partner country ownership. Major concerns on the implementation side include the variable and often slow pace of other donors,

the difference in views on the measurable indicators for monitoring among donors and partner countries, and the partner government's lack of capacity for implementation.

Incentives

The most important incentive for staff both at headquarters and at the embassies has been the commitment of political and managerial leaders at the Ministry to the Paris Declaration and their support of and active engagement in the implementation of the agenda. Given the prevalence in Dutch development cooperation of the sector-wide approach, harmonisation, and the use of new aid modalities such as sector budget support and general budget support, no specific incentives were needed to get staff engaged in implementing the new aid agenda.

Staff in development cooperation do not see the new aid agenda as a threat to the visibility of the Netherlands in the partner countries. On the contrary, a new kind of profile was pointed out: that of front-runner in the implementation of the new aid agenda.

The study revealed several potential disincentives with respect to realising the objectives of the Paris agenda in the short and long run. The most important challenge consists of the thematic targets currently set in Dutch development cooperation policy, which may negatively impact on the sectoral division of labour among the donors. They may also run counter to the objectives and priorities of the partner country, thereby frustrating alignment and ownership. Another challenge is related to the demands made of embassy staff. Embassies observed that consultations on the division of labour among donors in sector programmes and on establishing joint financing agreements are very labour-intensive and time-consuming. Although harmonisation and the transition to providing support at the macro level may in the long run result in efficiency gains for donors (and developing countries), in the short term there are high transaction costs. A further challenge is the current priority given to consultations with the different stakeholders at the national level which, together with the increasing attention required for administrative processes, leaves little time for monitoring developments at field level. Finally, there is a gradual shift from expertise in thematic development issues towards expertise in public sector management. This development may erode the knowledge base at the embassies and, subsequently, at headquarters. If left unattended, these challenges may well turn into disincentives in the longer run.

Some results at the output level

The results of the implementation of the Paris agenda in Dutch development cooperation are noticeable, but they are not yet spectacular. Relative to other donors, the Netherlands is doing well: according to the Monitoring Survey 2006, the progress made by the Netherlands on the twelve indicators of the Paris Declaration are above average. Progress has also been made in the sector concentration in the 36 partner countries of the Netherlands, where Dutch support is now limited to two or three sectors.

However, the increase in the relative proportion of general budget support to these partner countries is mainly the result of an increase in the volume of aid rather than of a major shift in aid modalities. Compared to sector budget support, general budget support remains a relatively small proportion of total Dutch bilateral aid. It is only applied in partner countries where circumstances allow this modality. Project aid is still very important and complements the two other aid modalities.

New Zealand Agency for
International Development (NZAID)

Evaluation of the Implementation of the Paris Declaration: Case Study of New Zealand

Executive Summary

First Phase of the Evaluation of the Implementation of the Paris Declaration
New Zealand

Executive Summary

The purpose of this report is "to assess what constitutes better practices for Development Partner headquarters in implementing their Paris Declaration (PD) commitments in order to contribute to increased aid effectiveness". This work has been undertaken by New Zealand Agency for International Development (NZAID) for inclusion in the first part of a two-phase evaluation process endorsed by the DAC Evaluation Network and the Working Party on Aid Effectiveness.

NZAID is a relatively small donor, with a strong geographic focus on the Pacific (51% of ODA). Within the Pacific, there are eleven bilateral and six regional/thematic programmes. New Zealand is the largest, or amongst the largest three bilateral donors in nine Pacific island countries. In addition, NZAID maintains relatively small bilateral programmes in Asia, along with regional engagements in the Greater Mekong Subregion, Africa and Latin America. It also provides ODA through multilateral organisations and NGOs.

Although New Zealand participated in the *2006 Survey on Monitoring the Paris Declaration*, only three of the 34 developing country participants were recipients of New Zealand ODA (none were from the Pacific), and together they made up only 5% of NZAID's country-programmed aid. This report will help build a more comprehensive picture of NZAID's implementation of the Paris Declaration in the Pacific context.

The evaluation utilised desktop data collection, interviews with individuals and groups of NZAID staff and stakeholders, and surveys completed by posts. Five case study programmes were selected to give representative information across programmes. In addition, field visits were made to Samoa and Papua New Guinea to obtain the perceptions and observations of key stakeholders in partner countries.

Leadership

In its relationships with partner countries and other Development Partners, NZAID demonstrates strong leadership in implementing and promoting the Paris Declaration. At the political level, while actions may not specifically reference the Paris Declaration, they are broadly consistent with it. Internally, leadership is strong overall, though with some inconsistencies. Staff with significant contact with partners (i.e. posts, programme groups and advisors) demonstrate a keen sense of responsibility to pursue Paris Declaration implementation. Staff in management services roles, however, are less clear about their mandate to take the initiative in Paris Declaration implementation. Currently, individual incentives for these staff emphasise accountability within the NZ domestic context, along with timeliness and document quality over aid-effectiveness principles.

NZAID's policy and strategy documents prior to 2005 show that the agency was already establishing a culture which emphasised partnership, alignment and donor coordination. Since then, it has taken up the Paris Declaration in new policies and strategies. Best progress has been made on the process-oriented Paris Declaration commitments (i.e. ownership, alignment, harmonisation), with fewer strong examples of implementation of the commitments on managing for results and mutual accountability. However, the agency is currently increasing its capacity and capability around these areas. Additional specialist monitoring and evaluation staff have been recruited and the development of an agency-wide performance framework and roll-out of the Evaluation Policy and training are underway.

Some changes to the shape of programmes as a result of efforts to implement aid effectiveness principles are visible.

NZAID is now engaged in, or actively pursuing, Sector Wide Approaches (SWAps) in several countries, and programme managers report they are making efforts to consolidate activities, aligning within sector strategies where these exist. Views from partner government representatives interviewed confirm the lead role played by NZAID in promoting harmonisation and programme-based approaches. NZAID manages AusAID funding for the Cook Islands under a single joint programme, and there are numerous examples of co-funding activities with other donors. New Zealand and Australia have agreed a joint programme strategy in Samoa and actively seek opportunities to do so in other programmes.

There are also examples of NZAID adopting Paris Declaration principles in its engagements with Pacific Regional Organisations, NGOs and multilateral agencies. These include core funding to local NGOs (who themselves can play an important role in strengthening mutual accountability), and NZAID's multilateral engagement strategy. Regional thematic programmes are more problematic, and continued efforts will be needed to ensure effective information flows and alignment with partner government priorities and processes.

The Evaluation did not find any evidence that the focus on Paris Declaration implementation had reduced policy engagement on gender and development issues. There was some evidence that participation in SWAps and other programme approaches provided opportunities for strategic engagement on gender issues not available in a project-based programme.

The overall relevance of the Paris Declaration indicators and targets for regions like the Pacific needs to be further explored. Views within NZAID, and amongst external stakeholders, on the value of the PD indicators were highly variable. Many respondents considered the targets had only limited relevance to New Zealand and the Pacific environment, and needed to be adapted to reflect the reality of the operating environment in small island and fragile states better. Nevertheless, it is important that NZAID collects data for at least some of the agreed indicators, and also considers measuring indicators for intermediate milestones, in order to build a more comprehensive picture of its progress in Paris Declaration implementation and to provide better accountability to its partners. Even in countries which have made excellent progress in establishing partner-led development processes, the use of partner systems remains low, sometimes at their request. It will be important that NZAID takes a proactive approach to helping partners address the barriers to the increased use of their own systems.

Capacity

Since 2002/03, NZAID's budget has seen a 75% increase from NZD 245 million to NZD 428 million. During this period, staff numbers have also increased commensurately. There has been no decentralisation of staff, and the ratio of staff in Wellington and at posts has remained constant.

NZAID has had a flat management structure with a team-based approach to programme management. This model has enabled limited specialist advisory and support service resources to contribute across a range of programmes. Staff generally reported feeling overstretched and unable to devote as much time to aid effectiveness and other policy issues as they would like. There was unmet demand for specialist inputs in the field. This is felt particularly keen in Pacific programmes, where the very small number and limited range of local specialists makes these inputs especially valuable.

Despite being small, as a significant donor in the region, expectations are often high for NZAID to be contributing extensively across the board. The *2005 DAC Peer Review of NZAID* found that in carrying the aid effectiveness agenda forward, NZAID would need to address the geographic and sectoral dispersion of its programmes. Only small improvements were seen in some areas. While a tighter programme focus would help to alleviate capacity issues, expectations of ministers, other government departments and partner countries often run counter to this. There is also a challenge for NZAID to engage domestically to ensure a consistent whole-of-government approach for ODA not delivered via NZAID.

Given NZAID's limited resources and dispersion, it is essential that its decision-making and programme management processes are efficient. There is scope to reduce double handling and speed up decision-making by reviewing financial delegations and associated processes to posts. While the current team-based approach with centralised management has helped manage risks around flexible work practice and encourages learning, a more sensible balance may be possible. Barriers to greater delegation and resources going to posts have included an inability to have core corporate systems live at posts, budgetary and human resource limitations. These must be addressed as part of a successful devolution process.

In light of recent and projected growth, NZAID is currently developing an Organisational Development Framework to "provide direction and clarity on the organisational shape, human resources, ways of working and learning; and systems and processes to enable NZAID to be best placed to deliver on its policies and strategies in response to signalled growth and in line with the desired culture". It will be important that recommended changes arising from this review are resourced appropriately.

NZAID has supported a bottom-up approach to implementing the Paris Declaration rather than a top-down compliance-driven one, and this has generally worked well for the agency. There is scope to enhance NZAID's implementation of the Paris Declaration further, particularly alignment with country systems and processes, if the expertise of specialist contract and financial management staff could be harnessed more effectively. It will be important, however, that these staff are given the time and space to do this. Many staff are already stretched trying to keep up with the very large number of

small contracts concluded by NZAID each year. Programming and management services staff will need to work together to address this, if management services staff are to be in a position to add value to Paris Declaration processes.

There is potential in all donor programmes to overuse Technical Assistance (TA) (and mechanisms such as scholarships) in small island states. These states have specific capacity issues that can mean the use of TA and scholarships is more appropriate or necessary than in countries with larger human resource pools and populations to support adequate tertiary institutions. It is important, however, to support partner countries to recruit and at the very least manage and coordinate TA themselves, and ensure TA is part of a coordinated capacity-building strategy not reduced to capability gap filling or parallel structures for implementing donor-driven projects.

Incentive Systems

At the highest level, New Zealand government ministers promote the development of relationships with partner countries in a manner consistent with the Paris Declaration commitments and this establishes a positive incentive environment for NZAID. This is reinforced by New Zealand's participation in the Pacific Islands Forum, willingness to champion international issues of importance to Pacific island countries, and close historic, economic, social and cultural ties.

NZAID's status as a semi-autonomous agency within MFAT provides both positive and negative incentives, but overall is not considered disadvantageous to Paris Declaration implementation. Close working relationships between Heads of Mission and NZAID Managers who are co-located promote coherence and information sharing, although there are occasional tensions as a result of differing agendas. Negative incentives can result from having to use ministry systems and resources that may not be ideal. For example, MFAT security requirements impose restrictions on locally employed staff that can be alienating.

NZAID's regional and bilateral programme budgets are "multi-year appropriations", which allow a level of under or over-expenditure within a financial year. This removes the incentive to expend budgets fully and in haste at the end of a financial year and provides a more positive incentive environment for staff and partners to focus on aid effectiveness issues.

A recent audit review of NZAID has identified significant but unrealised risks around some contract and financial management processes, and addressing this has become an important focus of senior management. It will be important that measures to manage these risks allow appropriate flexibility in programme management practice to achieve Paris Declaration implementation and effective development outcomes.

Individual level incentives (e.g. performance plans and remuneration, and professional development) which encourage staff to implement the Paris Declaration are not consistent across NZAID. Paris Declaration commitments feature strongly in many but not all group operational plans, and were noticeably absent from the Management Services Group plan. Paris Declaration implementation could be enhanced by examining and aligning the incentives for these staff.

The different forums provided by the agency for sharing and accessing knowledge, skills and competencies around aid effectiveness are recognised and appreciated by staff in Wellington and at posts. There is scope for providing more training and development opportunities to support implementation of the commitments on managing for results and mutual accountability and new modalities such as SWAps. The Strategy, Advisory and Evaluation Group plays an important role in Paris Declaration related briefings, in-house training, assisting regional processes and developing aid-effectiveness tools. It will be important that opportunities for locally engaged staff and management services staff to contribute to programming and add value to implementing Paris Declaration commitments continue to increase.

Conclusion

NZAID is well regarded for its leadership role in promoting the PD commitments by partner countries and donors alike. Overall, there is good alignment between NZAID leadership, its organisational culture and the Paris Declaration, with many areas of strength based on good practice and values preceding the Paris Declaration. NZAID extends the partnership commitments beyond bilateral relationships to its engagements with NGOs, regional organisations and multilaterals.

There is a willingness within NZAID to look for ways to improve performance further, particularly in the area of managing for results which is increasingly becoming a focus for staff. A mainstreamed approach allows flexibility and enables individuals to play to their strengths. It can however, result in an ad hoc approach to implementation, particularly where there is not a clear definition of roles and where structures for information sharing are weak. There is also scope for better harnessing the expertise of all staff from across NZAID, and for enhancing the implementation of the Paris Declaration commitments, particularly those on alignment.

The relevance and applicability of the Paris Declaration commitments in fragile states is considered less clear and more problematic. There is also sufficient reason to be cautious in terms of using the indicators and targets as aid effectiveness goals in a number of situations.

To strengthen the Agency's good overall performance with regard to implementing the Paris Declaration commitments, the following recommendations are made in the report:

1. NZAID should continue to provide leadership and strengthen capacity and incentives to promote implementation of all the PD commitments, especially with regard to managing for results and mutual accountability

by: including organisational requirements in the Organisational Development Framework (ODF); including monitoring of implementation in the organisational performance framework; and providing staff with targeted tools, training and policy guidance.

2. NZAID should continue with a bottom-up approach to implementing the Paris Declaration commitments based around the Agency's core values and culture.

3. NZAID should formalise mechanisms to ensure the interface between programming and corporate support is improved and supported with a clear policy position, appropriate organisational structure and realistic resourcing.

4. NZAID's ODF should recognise the importance and benefits of devolution and provide a clear process for achieving it that includes milestones, including those relating to delegations, the establishment of standardised systems at Posts for procurement, contract and financial management, and enhanced training for post staff.

5. NZAID should reduce dispersion and diffusion of its programming by: clearly defining its comparative advantage and priority areas for programming; strengthening guidelines and criteria for rationalising programmes through strategy review and development processes; critically examining aid modalities and alternatives to large numbers of small grants and contracts; and building organisational capacity and capability to match.

6. NZAID should ensure staff are provided with specialist support in order to make a valuable contribution to gender policy discussions with partners, with a particular focus on sectors where NZAID plays a significant role in policy dialogue.

7. NZAID should provide increased support to partner countries to manage and coordinate Technical Assistance themselves, and ensure TA is not reduced to inappropriate capability gap filling.

8. NZAID should continue to adopt a flexible approach to achieving development effectiveness and incorporate appropriate aid effectiveness indicators into its performance framework to ensure progress can be monitored.

National Economic and Development Authority (NEDA), the Philippines

Evaluation of the Implementation of the Paris Declaration: Case Study of the Philippines

Executive Summary

The evaluation was carried out by:
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Evaluation of the Implementation of the Paris Declaration
Country Level: The Philippines

Executive Summary

1. Introduction

The Philippines is a signatory to the *Paris Declaration on Aid Effectiveness*. In this regard, it has put in place a monitoring system based on the principles spelled out in the Paris Declaration (PD). The Philippines has had a long history of development cooperation. The conduct of foreign aid has been evolving and undergoing refinements over time, all in the interest of improving aid effectiveness.

At the start, the way in which Development Partners conducted aid in the Philippines was largely based on the Marshall Plan implemented in Western Europe after World War II. That approach proved inappropriate since the Philippines was starting with a low human, physical, and technological capital base in the post-war era.

Raising the capacity of the government bureaucracy to manage the development process was urgent. At the same time, capital assistance was needed to meet the required social overhead capital.

As the development cooperation proceeded, concerns like donor or supplier-driven programmes and projects emerged. In addition, the government found parallel project implementation units (PIUs) worrisome, particularly if the latter was not integral to the implementing agencies of the government.

In this context, the Philippines acceded to the Paris Declaration and welcomed the document for its "clarity, coherence, and relevance". It is essential, however, that the government monitors the Paris Declaration commitments on a regular basis to ascertain compliance with the targets.

At this juncture, however, the government acknowledges that acceptance of the Paris Declaration must be brought to the level of all implementing agencies of government, whether national or local, as well as civil society organisations (CSOs).

In line with the two-phase evaluation proposed by the OECD-DAC, the Philippines is now engaged in the first phase of the country-level evaluation. This evaluation seeks to determine whether or not the Philippines and its Development Partners are on track with their respective commitments under the Paris Declaration.

The first phase, scheduled to run from 2007-2008, focuses on input and output levels, while the second phase, timed after the third high level forum (HLF) in Ghana in 2008 to the fourth high level forum in 2010, will look into outcomes and impacts.

The methodology in the Philippine country-level evaluation incorporates a baseline survey conducted in 2007 and early 2008 (to set the baseline for 2005 and report on initial progress for 2006 and 2007). In addition, interviews with a selected sample of Development Partners, civil society organisations and government oversight and implementing agencies have been conducted.

Two sectors are looked into as case studies, namely health and rural development.

The first level evaluation sets the stage for the second-level evaluation by looking at targets that are on track, and suggesting possible mid-course corrections for targets that appear off-track.

This paper reports on the preliminary findings of the Philippine country level evaluation report.

2. Findings

2.1 Assessment of the Paris Declaration

2.1.1 Clarity

On the government side, the Paris Declaration commitments and indicators are clear at the national level especially among the members of the Harmonisation Committee (HC) consisting of oversight agencies, e.g. the National Economic and Development Authority (NEDA), the Department of Finance (DOF), the Department of Budget and Management (DBM) and the Commission on Audit (COA). However, at the level of the implementing and sub-national levels, knowledge about the Paris Declaration needs to cascade as there is limited awareness of the five principles. Outside of the HC, nobody champions the Paris Declaration. Advocacy still needs to be pursued in the legislative branch.

On the Development Partners' side, the Paris Declaration is widely known but the application is still limited to what their respective headquarters dictate. There exists a different understanding and interpretation of the indicators among the Development Partners. It would be meaningful to have a localised adaptation of these indicators, as well as a shared understanding at the country level. Furthermore, some indicators do not adequately capture the intended commitment set out under the Paris Declaration.

2.1.2 Relevance

Both the government and the Development Partners find the Paris Declaration commitments and indicators generally relevant in terms of addressing the limitations of aid delivery. The Philippines has tried to adhere closely to the indicators as defined by OECD-DAC, but a localised adaptation of these indicators should have been undertaken. Given this, the survey was not able to capture fully the intended commitments set out under the Paris Declaration. Evidently, it is important is to see how and to what extent increasing harmonisation and alignment activities among and between Development Partners and the government are making a difference on the ground.

2.1.3 Coherence

The various Paris Declaration commitments pose no contradiction at the principle level. While the principles are coherent, some indicators do not seem to reinforce each other in achieving the Paris Declaration principles. In view of some weaknesses in harmonisation, alignment, managing for results and mutual accountability, coherence among the five principles is in some instances compromised.

In procurement, for example, while some multilateral Development Partners have already adopted the new procurement law, other bilateral Development Partners are still lagging behind since they lack flexibility in applying HQ directives.

2.2 Emerging Results

2.2.1 Ownership

The Philippines finds the commitments and targets under the principle of ownership clear. Accordingly, the Development Partners have responded to this principle by using the Medium-term Philippine Development Plan (MTPDP) as a starting point for development cooperation. The current plan runs from 2004-2010 and is currently being updated by the Philippine government.

In the past, the weak link between the MTPDP and the annual national government budget rendered performance of some ODA projects is less than successful. The government, faced with tight budget constraints, failed at times to provide the necessary budget support to some projects that had been agreed upon with Development Partners as priority projects. Marred by suspension of project implementation, benefits could thus not be fully realised.

More recently, the Philippine government has made serious efforts to strengthen the links between planning and budgeting as embodied in a Development Partner-assisted technical assistance programme called *Philippine Effective Governance and Reforms* (PEGR). At the core of these efforts is the enactment of tax-enhancement measures like the reformed value-added tax, which was increased from 10% to 12%. With a significant improvement in tax collections, the government has been able to increase the budgetary allocation to health, education, and infrastructure, sectors that lie at the core values of Philippine society. Efforts to stamp out corruption at the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) are vital.

At this point, the government is rolling out further reforms in budget execution and linking it to the major capital projects, which generally call for ODA support. For example, the government has formulated a *Comprehensive and Integrated Infrastructure Programme* (CIIP). A public-private partnership is being adopted to leverage aid.

It must be noted that, at this point, some civil society groups find inadequate the consultation the government does on some aspects of social development, whether in health or in education. The Philippine government, meanwhile, continues to engage civil society groups in the context of the Millennium Development Goals (MDGs).

2.2.2 Harmonisation and Alignment

Both the Philippines and the Development Partners agree that successful development cooperation rests on the Philippines adopting international standards in its country systems which Development Partners ought to observe.

Some important progress is being made here. On the part of the Philippine government, it has legislated important reforms in government procurement that, judging by the Development Partners' responses, meet international standards. Discussions are also taking place with the government's COA to harmonise public financial management with international standards.

The challenges remain in the use of parallel project implementing units (PIUs). The Philippine government's surveys suggest very little progress in this regard as some Development Partners continue to have their own project management units not integrated with the executing agency of the government. Some Development Partners, however, point out that at this point that there are existing legal constraints on the disbursement of their respective government's funds to an agency of the Philippine government. Negotiations continue to be able to address these concerns on parallel PIUs.

Some Development Partners continue to earmark ODA resources for some projects that, while within the agreed-upon sector with the Philippine government, are not priority projects of the latter. This is one downside of the sector-wide approach. Some Development Partners tend to exercise a wide degree of latitude in the choice of actual projects to implement within a sector, some of which are not priority projects of the Philippine government.

Efforts among some Development Partners at having joint programming missions are also helpful. This, however, is not yet prevalent at this stage.

2.2.3 Managing for Results and Mutual Accountability

Meaningful progress is being made here. The Philippine government has initiated joint ODA reviews with the Development Partners to have a common understanding of the barriers to successful implementation.

The critical factors have been budgetary constraints on the part of the Philippine government and right-of-way issues, especially for infrastructure projects. Continuous dialogues help achieve an appreciation of the constraints facing both parties, thereby resolving implementation delays. In some cases, tax treatment of ODA funds delays implementation, if not suspension of projects. Again, regular dialogues have helped resolve the seeming impasse in a few cases in the past.

3. Sector Studies

3.1 Rural Development Sector

Rural Development (RD) is a complex sector, cutting across agriculture, agrarian reform, environment and natural resources.

Progress towards the Paris Declaration commitments, and subsequently towards development effectiveness in RD, necessarily depends on the enabling conditions, including institutional arrangements and policy environments prevailing in both the country and the Development Partners.

Achieving the Paris Declaration commitments is not smooth, as evident from the mixed records of success and failures across indicators and over time. A crucial factor is the fast turnover of officials and staffs responsible for the sector, especially when institutional arrangements are not well defined.

At this stage, the information generated from survey questionnaires and interviews tends to be anecdotal, isolated and opinion-based. The need for more precise indicators of progress with regard to the Paris Declaration target is required. Evidence that could lead to more conclusive results is also called for.

The weak linkage between the plan and the budget is due to: budgetary ceilings not always reflective of priorities within the sector, particularly in so far as Environment and Natural Resources (ENR) is concerned; constant turnover in top management positions in the concerned agencies leads to problems in prioritisation and programming of development interventions; questionable "ownership" of the RD sector's programme priorities; the difficulty of establishing a logical sequencing of programmes and projects due to changes in priorities set at the top; and, the difficulty of determining targets and monitoring performance on account of data limitations and inadequacies.

A practice that is discouraged by NEDA is that of Development Partners going directly to line agencies without the benefit of oversight steering. This practice distorts the system of prioritisation within the RD sector.

Development Partners have specific advocacies that they would consistently include in their development approaches, even if such advocacies are considered inefficient or ineffective or not accorded high priority by the concerned client agencies. Examples of these are gender, participatory processes and the active involvement of CSOs in programme or project-steering processes.

Although the oversight agencies such as NEDA, DBM and DOF encourage the use of programme-based assistance (PBAs), the implementing agencies have strong reservations against this modality. Resistance is mainly due to the following reasons:

- No additional resources going to the implementing agency, therefore no additional incentive;
- Additional burden from strict compliance with progress or milestone indicators that are made an integral part of the loan covenant;
- Implementing agencies still have to work within the budgetary ceiling set by the DBM; and

- Supervision missions are still conducted frequently, absorbing much of the scarce time and resources of the implementing agency.

Field-level workers in particular resist PBA because of a lack of familiarity with the way it operates and the close monitoring of milestone activities.

With the reduction of parallel project structures, problems of inefficiencies and neglect of project management functions are increasingly observed in the transition. These problems, however, are balanced by the prospect of improved chances of mainstreaming project outputs and enhancing the capacities of technical personnel within the organisation.

There are reports of practices among Development Partners that can run counter to the rationale behind the progress indicators. These are:

- Outsourcing of project management function results in strengthening the capacities of consultants rather than the regular personnel of the implementing agency.
- A project office that is manned by consultants hired by a Development Partner is cited as a parallel implementing structure reporting directly to the Development Partner.
- Cases of no reduction in transaction costs due to:
  - Absence of coordination among Development Partners in conducting reviews and supervision missions.
  - Supervision missions are still very frequent and time-consuming (sometimes of two-week duration), particularly when there are perceived implementation problems.

Procurement and funds disbursement practices are other areas that call for alignment. The rural development agencies claim that procurement manuals are available for their guidance. GOP guidelines are normally followed and adjusted for consistency with multilateral procurement provisions.
The new government procedures introduced under the Procurement Law and the implementing manuals have resulted, to a certain extent, in the slowing down of funds disbursement.

Coordinated capacity-building support is not yet practised in the rural development sector. One issue that has been observed is the practice among Development Partners of not following through technical assistance support to its logical conclusion. According to an affected RD agency, this has led to a loss of momentum and a waste of resources.

Initial results-based management (RBM) efforts have yet to be done coherently based on an integrated RBM capacity-building plan. A substantial shift in the current orientation and mindset on physical and financial monitoring (inputs) to results (outputs) is indicated.

3.2 Health Sector

Health, along with education and infrastructure, constitutes the top priorities of the government. In this connection, Development Partners have expressed great interest in assisting the government to achieve its various health objectives. However, some CSO groups assert that the government is not adequately consulting them. Hence, health is a good case study in aid effectiveness.

Respondents both from the government and the Development Partners agree that the Paris Declaration shows clarity, relevance and coherence. All Development Partners adhere to the Health Sector Reform Agenda with the acronym FOURmula ONE for Health, which is the framework for health sector reforms in the Philippines. FOURmula One is designed to implement critical health interventions as a single package, backed by effective management infrastructure and financing arrangements.

Procurement reforms among the multilateral Development Partners have been impressive following the enactment of the procurement law; the bilateral Development Partners meanwhile are lagging behind in adopting the government procurement policies.

In terms of parallel PIUs, there are positive developments among the multilateral institutions but this cannot be said for some bilateral Development Partners. The presence of some PIUs leads to government personnel to queue up for positions in the PIUs, which normally offer better compensation than the government.

Development Partners show weak support for health regulatory reforms, especially in food and pharmaceutical drug regulation, hospital and health facility (laboratory, diagnostic centres, polyclinics) licensing and standards.

Delivery of results is affected by delayed and prolonged procurement processes, and the delayed hiring of external consultants (for bilateral Development Partners). Moreover, the re-enactment of the government budget for two years did not match the increased requirements of the sector.

4. Summing-up

While the Philippines and the Development Partners are on track, more efforts are needed in the following areas:

- Deepening in-country understanding of the Paris Declaration commitments and indicators;
- Progress in the reduction of Development Partner-established parallel PIUs;
- On country systems (procurement and PFM) – more work with respect to bilateral Development Partners and sustained focus in engaging the local government units (LGUs);

- Strengthening and enhancing common (GOP and Development Partners) performance assessment frameworks to include localisation of Paris Declaration indicators; and,
- On CSOs' role – the need to strengthen partnership with government in the area of aid delivery, particularly at the LGU level.

To further advance the aid-effectiveness agenda and enrich in-country discussions of Paris Declaration commitments and indicators, the government must continually engage the Development Partners and CSOs using established dialogue mechanisms.

Minister of Economy and Finance
Republic of Senegal

Evaluation of the Implementation of the Paris Declaration: Case study of Senegal

Synthesis Report

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Some parts of the report have been revised in order to take account of the omissions found or the corrections omitted during the course of the work carried out by the National Reference Group and the workshop held on 24 and 25 January 2008.

Synthesis report

The first phase of the evaluation of the implementation of the Paris Declaration (PD) took place in Autumn 2007 in ten bilateral and multilateral development agencies and in ten partner countries benefiting from the aid. Senegal volunteered to support the implementation of the PD and therefore to make a concrete contribution to the 3rd High Level Forum scheduled to take place in Accra in September 2008.

This evaluation follows on from the investigation carried out in 2006 and seeks to determine whether the parties involved, i.e. the technical and financial partners (TFPs), the Senegalese government and other national players (civil society, universities, parliamentarians, NGOs etc.) are really working to honour the commitments they have made to the terms of the PD. The approach adopted consists of assessing the usefulness of the PD and the behaviour of the TFPs and the government with the aid of questions taken from international and national (Senegal) officials. The evaluation is based on a sample of nine development interventions in the targeted sectors of education, agriculture, economic governance and budgetary support. In total, eleven TFPs, thirteen governmental organisations and twelve other national players were interviewed about their practices within the framework of the development interventions selected.

The results of the evaluation in Senegal indicate that the changes are underway. The most avant-garde TFPs are in the process of trying out new ways of delivering aid in certain sectors (education and strategy for combating poverty), whilst the government is initiating the changes required by the implementation of the PD. In particular, it involves central structures, especially within the framework of budgetary and financial management system reforms, which are deemed to be the most critical to the implementation of the PD. However, it is noticeable that other national players remain firmly excluded from the implementation process of the PD, just as much due to a lack of information as due to the lack of mechanisms aimed at getting them involved.

The TFPs all claim to support the principal national strategies, in particular those of which the country has a better grasp, such as the Poverty Reduction Strategy Paper (PRSP), the 10-year education and training programme (PDEF) and the National Programme for Good Governance (PNBG). For its part, the government indicates that it will allocate almost half of its budget for 2008 (or 49.3% compared to 46% in 2007)

to ministries that have developed Medium-Term Expenditure Frameworks (MTEF) with a view to translating national strategies into results-based operational programmes, as put forward by the commitments to the PD partnership. However, the TFPs believe that certain sector-related strategies, such as those in the agricultural sector, have yet to be improved, whilst the government believes that certain strategies have little staying power and indeed are not supported. Civil society deplores the lack of consultation and participation.

Actions are being taken on both sides to promote alignment and harmonisation. The government has largely taken over reforms of public finances and of the procurement system (CFAA and CPAR exercises). A framework arrangement between the Senegalese government and the TFPs concerning budgetary support was approved in January 2008. An action plan regarding the harmonisation and effectiveness of aid was recently submitted for approval by the government and the TFPs. Some TFPs indicate that they have increased or wish to increase their recourse to national systems despite their mistrust of these systems and/or for strategic reasons. In fact, for many of the TFPs, having recourse to systems is a means in itself by which to strengthen them. However, the government believes that the TFPs continue to resort to systems very little. It is true that the TFPs are generally hesitant to give their full support to national strategies, government institutions and government procedures. Out of around fifty TFPs working in Senegal, only the Netherlands, the European Commission (EC) and the French Development Agency (FDA) have adopted support programmes that are based on joint mechanisms, with the majority preferring to adopt individually tailored financial packages, which serves to drastically reduce the potential benefits of the programme-based approaches and is therefore similar to project management methods. Therefore, despite a certain degree of willingness on their part, the TFPs have not managed to reach a consensus to adopt a 'basket funding' approach.

TFPs and the government are currently asking themselves questions regarding the pace of change and the amount of organisation required in order to make recourse to national systems the general approach. However, they believe that recourse to Parallel Management Units (PMUs) is still necessary to guarantee results, particularly in certain sectors or when skills reinforcement programmes are put in place, given the difficulties associated with the rule of 'service rendered' and the level of per diem rates. In the future, it will be necessary for the parties involved to agree on the pace of implementation of the PD and to define priorities as far as the reforms necessary are concerned.

Compliance with the PD principles demands that the parties involved work more closely with one another, that political dialogue is stepped up and that a greater deal of consultation takes place between the TFPs and the Senegalese government. However, the TFPs are expecting a lot from the government in its role as coordinator. As for the government, it wants more support from the TFPs in order to strengthen it in this role and to reinforce certain key elements of the principle of ownership, including the process of developing medium-term expenditure frameworks. It generally believes that the cost of implementing the PD has been underestimated, particularly as far as coordination and the necessary reforms are concerned. However, it would be necessary to bring governmental structures, in particular sector-related structures, up to standard in order to ensure that the process is successful. The management procedures and tools used by the TFPs are still very poorly adapted to the new methods of delivering aid, which turns out to pose a considerable obstacle to many TFPs fulfilling their commitments. However, those TFPs whose work is organised in a decentralised manner and which are awarded a larger amount of power seem to be able to fulfil their commitments to the PD with greater ease.

The TFPs believe that changes to processes, in particular as far as shared responsibility within the framework arrangement concerning budgetary support and the joint revision of the Poverty Reduction Strategy Paper are concerned, will enable players to reduce their transaction costs. It is for this reason that the Netherlands has fully embraced the new practices, believing that it is reaping benefits such as management that is less costly in terms of time and resources and more effective aid. However, the impact of the PD remains weak for the time being, and according to the Netherlands, the more the TFPs delay adopting the new approaches, the longer it will be necessary to wait before achieving the expected results. Within the ministries, the project-based approach is competing for resources with the programme-based approach, not only because of the benefits that it offers, but also because it is easy to use. This explains the reason behind the recent implementation of the project-based 'trust fund', as in the case of the project for the coordination of budgetary and financial reforms or the 10-year education and training program (PDEF). At present, aid does not appear to have become more effective. It is either still too early for its effects to be felt or too many adjustments are still necessary.

Principle findings and recommendations

(Workshop held on 24 and 25 January 2008 in Dakar)

1 – Findings regarding the commitments and indicators contained in the Paris Declaration are sometimes poorly understood and are generally not well known.

Recommendations

- Draw up and implement a national communication policy, particularly to benefit the other national players;
- Include the issue of indicators on the agenda, especially the more problematic ones that have a bearing on alignment, to be examined in the context of the action plan for the harmonisation and effectiveness of aid, in order to determine their feasibility;
- Draw up empirical studies or analyses on the merits of the PD;
- Add an indicator for decentralisation of public aid;

- Stress the issue of the participation of local players;
- Upgrade the democratic control structures at the national and regional levels (e.g. monitoring centres);
- Speed up the adoption of the action plan regarding the effectiveness of aid and put an efficient and participatory mechanism in place for the implementation and monitoring/evaluation of the action plan.

2 – Findings regarding ownership: Ownership is deemed to be partial and still too centred on administration, the extent to which participation has been opened up to other players remains limited and the support from the TFPs is selective.

Recommendations

- Place the political coordination of the DP within the remit of the Prime Minister's Office, as part of the institutional PRSP measure;
- Clarify and reinforce the technical roles of the MEF (Ministère de l'Économie et des Finances – Department of Treasury and External Finance) structures that are directly implicated in the implementation of the PD;
- Reinforce the CSPLP (Cellule de suivi de lutte contre la pauvreté – Cell monitoring the fight against poverty) in its roles advising the MEF and providing support for the coordination of the optimal implementation of the poverty reduction strategy, and in its role monitoring the implementation of the PD;
- Organise the participation of other national structures, particularly civil society in the broader sense, parliamentarians, trade and employers' unions and local municipalities, by assigning them a specific role and specific tasks in the implementation of the Paris Declaration;
- Create or bring new life to planning cells within the technical ministries;
- Strengthen political dialogue by organising and planning discussions between the government, non-governmental players and TFPs.

3 – Findings regarding alignment: The national systems are still not put to adequate use.

Recommendations

- Finalise and adopt the action plan on the effectiveness of aid before the end of February 2008, taking into account the recommendations from the evaluation and the work of civil society, and prioritising the actions to be carried out;
- Activate reforms of public finances, notably put the public procurement system into operation in order to lift the principal restriction on the use of national systems;
- Limit recourse to pre-financing by the State.

4 – Findings regarding harmonisation: Important work towards harmonisation has been carried out in key sectors, such as education, yet in practice the majority of TFPs still use individually tailored financial packages.

Recommendations

- Continue the process of transforming the methods of providing aid, in order to adopt approaches based on budgetary programmes and support;
- Speed up the implementation of activities that have been adopted, particularly by making use of the action plan on the effectiveness of aid, the framework arrangement concerning budgetary support and the outcomes of the study on the reporting of aid flows, etc.;
- Adapt the procedures and management tools used by the Development Partners which constitute a major obstacle to meeting the commitments;
- Schedule the resources in the PD implementation activities for one aspect of coordination.

5 – Findings concerning results-based management: Results-based management is becoming an increasingly widespread management practice within government organisations, TFPs and certain other national players.

Recommendations

- Support the process of Medium-Term Expenditure Frameworks (MTEF);
- Share the experience gained by the government and the other Development Partners on the subject.

6 – Findings concerning mutual responsibility: The various parties involved are becoming increasingly conscious of their co-responsibility

Recommendations

- Develop an approach involving ownership, sharing experiences and passing on good practices between government structures and between TFPs, with a view to levelling out differences and improving the implementation of the PD;
- Define and clearly delimit the roles and responsibilities of the different parties involved, whilst creating a group dynamic and atmosphere of solidarity in order to achieve results;
- Facilitate monitoring by citizens, particularly with regard to the public funding of evaluations initiated by the other national players.

7 – Findings concerning skills for implementing the PD: Skills that could be of use in implementing the PD exist, but little use is yet made of these, particularly at the level of government.

Recommendations

- Coordinate the work to reinforce skills and promote consultation in order to give the PD a national dimension;
- Support the technical ministries in understanding their role and task with regard to the Paris Declaration;
- Undertake a greater decentralisation of decision-making by TFPs, from the headquarters to the regional offices;

- Define and implement a skill reinforcement programme, both for the government and for the other national players;
- Strengthen the harmonisation of work to reinforce technical skills;
- Strengthen and institutionalise consultation between the parties involved;
- Better define the notion of "reinforcing skills for implementing the PD";
- Reinforce all players' skills for implementing the PD (parliament, sectoral ministries, local authorities, CSO, etc.).

8 – Findings concerning incentives: The current incentive systems are not linked to the implementation of the PD.

Recommendation

- Analyse the relevance or the feasibility of implementing a system of incentives that is intrinsic to the PD; i.e. in order to facilitate its use.

International Development Cooperation unit,
National Treasury

Evaluation of the Implementation of the Paris Declaration: Case Study of South Africa

Executive Summary

Executive Summary

Introduction

This evaluation has been carried out as per the strict instructions provided in the Terms of Reference. Thus, the **specific purpose** of the evaluation was to assess what constitutes better practices for partner country and Development Partner behaviour with regard to implementation of the Paris Declaration. The key research questions the evaluation team addressed were: 1) How useful is the Paris Declaration as a tool for aid effectiveness? 2) Have there been noticeable changes in Development Partner behaviour? 3) Have there been noticeable changes in partner country behaviour? In addition, the team sought to capture emerging aid effectiveness process results and outputs. The data referred to in this study were obtained by means of an electronic questionnaire completed by fourteen representatives of the South African Government and 20 Development Partners; a workshop attended by 44 representatives (24 government officials from thirteen national government departments and from three provinces and 20 Development Partner representatives from fifteen agencies); forty-two completed in-depth interviews, the review of relevant documentation, and a findings verification workshop attended by 36 representatives (sixteen government officials and 20 Development Partner representatives).

Key Findings

Assessment of the Paris Declaration

Whilst most respondents found the Paris Declaration relatively clear, certain aspects of each of the five Paris Declaration principles require further clarification. Respondents have also proposed that many of the **indicators** require further clarification in terms of definition and/or measurement. There is a need to broaden the definition of **Ownership**. The present definition, which only assesses the existence of a national development strategy, is simply an inadequate measure of ownership. There is a need to take greater cognisance of civil society in a broader definition. Although there is a solid understanding of **Alignment**, many were of the view that more work is needed to determine the level of desired alignment in the South African context. This will require a locally adjusted flexible measure of alignment which will need to examine critical issues such as why Development Partners are reluctant to use South Africa's robust Public Finance Management systems and the desirability of Programme/Project Implementation Units in certain instances.

More work is also required to determine the level of desired **Harmonisation** in the South African context. Again, there is a sound understanding of the need for harmonisation, but many respondents feel that there is too much emphasis on procedures and not enough on sustainability. There is a need for more emphasis on activities and processes that will enhance capacity-building and strengthen partner country institutions (e.g. skills transfer). Confusion persists over what both **Managing for Results** and **Mutual Accountability** mean, but this has not prevented respondents from recognising the importance of both. There is a high expectation amongst both partner country and Development Partners that the national Government-wide M&E System will fill this noticeable gap in South Africa. Whilst annual consultations are seen to be a good example in the South African context of mutual accountability, there is a feeling that the definition should be expanded, and at the same time other more inclusive mutual accountability processes such as cluster forums could be explored. The Paris Declaration is seen to be extremely relevant for South Africa in all respects. This is demonstrated by the strong government ownership of the development agenda in South Africa. However, at provincial/local level Official Development Assistance (ODA) is often seen as an "add-on", and thus these officials do not always see the relevance of the Paris Declaration. Moreover, the ongoing absence of meaningful interaction with the Paris Declaration by key stakeholders such as Civil Society Organisations does raise the question: "To whom is the Paris Declaration relevant?" Most respondents would agree that whilst the Paris Declaration is a robust docu-

ment, it could be strengthened to become more coherent. In particular, locally adjusted definitions are required to ensure that the Paris Declaration speaks to partner country contexts and eliminates existing contradictory practices, such as instances where Development Partners exhibit good practice by harmonising, but without partner country leadership this can be perceived to undermine the Paris Declaration commitment of ownership.

Assessment of Development Partner Behaviour
Commitment

At a more general level, many Development Partners were familiar with Paris Declaration issues. Levels of commitment to operationalise the Paris Declaration varied according to Development Partner. At HQ level, the majority of Development Partners had signed the Paris Declaration by 2005. A significant proportion of some Development Partners had demonstrated their commitment to the Paris Declaration through the development of Paris Declaration-related policies, strategies and guidelines that govern their development cooperation with partner countries.

- *Ownership:* Development Partners acknowledge the strong leadership demonstrated by South Africa. South Africa has participated in the development of Development Partners' country strategy documents. However, Development Partners raise concern that South Africa's strong ownership may potentially have a negative impact on role of Development Partners in some areas of the Paris Declaration.

- *Alignment:* On the whole, the majority of Development Partners align to South African development priorities. However, few (typically those Development Partners who provide relatively small amounts of ODA to South Africa) make use of South Africa's country systems. Reasons given by Development Partners for not using South Africa's systems include concern by Development Partners and some departments that use of country systems delays the speedy implementation of projects and the Development Partner HQ directive to field staff not to use systems. Tied aid still remains a common phenomenon in South Africa.
- *Harmonisation:* Harmonisation in South Africa remains problematic. There is limited appreciation of the rationale for harmonisation and its distinction from alignment. Harmonisation among Development Partner groups continues without partner country leadership and is thus not healthy for development results. However, examples of good harmonisation practice can be found from which to draw lessons for improved harmonisation in South Africa. Examples include the Urban Environment Management Programme and Masibambane, the Water and Sanitation SWAP.

- *Managing for Results:* Development Partners in South Africa have exhibited positive behaviour regarding managing for results, having worked well with South Africa on achieving set targets, including capacity building efforts in M&E within the broad partner country system. Development Partners are assessed according to their results by their HQ, and therefore value operationalisation of this Paris Declaration principle.

- *Mutual Accountability:* Whilst Development Partners have demonstrated some commitment to this principle, information on aid flows continues to be poor and unclear, which suggests more could be done to ensure that both South Africa and Development Partners can account effectively for development resources and thereby ensure greater transparency between Development Partners and partner country.

Capacities

Alignment: There is a need for Development Partners to enhance their field staff capacities for effective alignment to South Africa's Development Priorities. Some Development Partners' field staff have limited orientation on South Africa's overarching development frameworks and Paris Declaration principles. *Managing for Results*: The majority of the Development Partners in South Africa practise appropriate behaviour in supporting South Africa to improve capacity in managing for results. Capacity building for most Development Partners is a cross-cutting element for project/programme support.

Incentives

Incentive systems for Development Partners exist which can motivate field staff to operationalise Paris Declaration principles. Paris Declaration issues for most Development Partners are mainstreamed in performance appraisal tools or employment contracts. On the other hand, Development Partners noted a wide range of disincentives related to Paris Declaration principles. These include visibility issues, HQ requirements on field staff to report on agency specific results, and the concern by Development Partners to continue to have one-on-one interaction with partner country senior officials. Incentive systems should be used by Development Partners to fulfil their obligations for the operationalisation of the Paris Declaration principles. In areas where Development Partners have not performed very well (alignment and harmonisation), there is need for Development Partners to put in place incentives that will trigger improved implementation of the Paris Declaration, revisit existing disincentives, and manage the risks posed by these disincentives (this could include strengthening partner country systems – such as the Public Finance Management system, reporting systems, procurement modalities and so on).

Assessment of Partner Country Behaviour
Commitment

- *Ownership*: South Africa demonstrates strong ownership at national level where the Paris Declaration is used as a tool to assert partner country leadership and manage Development Partner relations. Ownership is, however, not equally strong at all provincial and all municipal levels.

Efforts to decentralise ownership are evident with the establishment of ODA coordination structures within departments and the nine provincial Offices of the Premier. These efforts should be continued and supported. The role of the Civil Society Organisations remains unclear and their participation very limited – a gap that needs to be addressed.

- *Alignment*: South Africa insists on alignment to national priorities and the use of country systems at national level. However, where ownership is weak at sub-national levels, so usually is alignment. A few Development Partners are known to take advantage of the weaker ownership to push their agendas, rather than aligning to partner country priorities. There is a tendency for some officials to request the use of the Development Partners' systems as a result of various barriers or disincentives. The use of the country procurement system may therefore not always be the most appropriate. Whilst all aid needs to be recorded by National Treasury, some departments do not report on "in kind" assistance as they feel that they cannot account for it. Thus, measuring the full impact of aid toward development will be impossible. The appropriate degree of flexibility required for alignment within the South African context needs to be determined.

- *Harmonisation*: While the Development Partners are frustrated by the lack of a national Development Partner coordination forum, partner country does not see the need for one. A mutually agreed way forward needs to be debated by both parties. Despite the debate, increased harmonisation, as well as the shift towards making greater use of the cluster system, is evident. However, interdepartmental coordination continues to be weakened by continued 'silo' thinking and capacity issues. The current International Development Cooperation structure also does not support the cluster approach because it is organised according to Development Partners rather than clusters and sectors. Its structure should be reconsidered. South Africa plays a critical development support role in the region. However, it struggles to effectively harmonise this regional role as interventions are often loosely coordinated and not budgeted for, thus putting pressure on participating Departments. One suggestion is that a coordinating unit within the Department of Foreign Affairs guided by a policy is established. Further research should be conducted on whether there is broad agreement on this suggestion and whether such a unit is feasible within the existing structure of the Department of Foreign Affairs.

- *Managing for results:* South Africa has introduced results-based frameworks across all government levels, and it is now a requirement for all departments to report against the Programme of Action.

- *Mutual accountability:* Mechanisms exist but could be strengthened and greater participation by departments encouraged. The Development Cooperation Information System website is being redesigned from a database to a web-based strategic management system. In its current state it is not providing complete and quality data for mutual accountability.

Capacity

South Africa demonstrates strong ownership/leadership capacity, particularly at policy and strategic level, but not across all departments or all provincial and municipal levels. Since ownership is critical to the effective implementation of the other Paris Declaration principles, it is important that the ODA operational plan addresses the issue of Paris Declaration awareness and technical skills gaps, including project management, coordination, time management, MTEF and budgeting skills. Development Partners should support capacity building, one way being appropriate Technical Assistance that meets the good practices outlined in the report. Partner country has started the considerable task of training its many public officials in Results Based Management Approach. Capacity issues also affect the International Development Cooperation directorate where high staff turnover and the many responsibilities for the relatively small team create the sense that it is overburdened. Official Development Assistance coordinators themselves require more capacity building in ODA management skills. The ODA operational plan will need to specifically address these various capacity issues.

Incentives

While no specific, formal incentive framework exists for officials to implement the Paris Declaration, it may be useful to clearly link the Paris Declaration principles to partner country performance appraisals. Many partner country respondents felt that material incentives are unnecessary, since the desire to improve aid effectiveness and achieve the development priorities should be sufficient. However, it seems that many disincentives and barriers exist for partner country to implement all five elements of the Paris Declaration. Many of them are linked to bottlenecks in implementation due to the weak capacity and low skill levels amongst those implementing current procurement procedures, poor supply chain management, and/or overburdened officials who see ODA as a costly headache. It is critical that these barriers are appropriately addressed and the incentives for implementing the Paris Declaration are strengthened.

Conclusion

This first phase evaluation of the implementation of the Paris Declaration in South Africa found that there is strong "buy-in" to the Paris Declaration, even though partner country leadership of initiatives to tackle development priorities is uneven across different levels of government. Moreover, there is a widely held perception that whilst partner country has emphasised Ownership, Alignment and Harmonisation, Development Partners have instead focused their efforts on the interlinked commitments of Managing for Results and Mutual Accountability. Nevertheless, it is important to note that

the transition process has only just begun and good practice examples can be found with respect to all five Paris Declaration commitments, and South Africa is making good progress towards realising the ambitious goals of the Paris Declaration. To accelerate the process, an *Aid Effectiveness Operational Plan* should be developed in order to coordinate and consolidate a coherent and common approach to resolving the remaining challenges facing aid effectiveness in South Africa.

Recommendations

The main recommendation of this review is that there is a critical need for an *Aid Effectiveness Operational Plan* to be developed. Such a plan would clarify the existing structure/organisational arrangements, outline how capacity will be strengthened within the existing structures, and present a timeline for resolving outstanding challenges highlighted in this and earlier aid effectiveness studies in South Africa. An *"Aid Effectiveness Operational Plan"* could also identify ways in which Technical Assistance can be provided so that local capacity is built. Over time it would be hoped that such a plan would ensure greater responsiveness to implementation agencies (in particular provincial and local government). The plan would need to accommodate the recommendations, raised in this report, grouped under the Paris Declaration's five commitments as follows:

Ownership

- Where appropriate and applicable, relevant partner country institutions (especially in certain provinces and at local government level) need their capacity strengthened to ensure they can exercise effective ownership of the entire aid-management process.
- Need to explore and clarify the role of Civil Society Organisations within the Paris Declaration context.

Alignment

- Ensure Development Partners align their support to cluster priorities, formal institutions, definitions used by partner country, formal communication structure and so on.
- Encourage Development Partners in South Africa to advocate for policy changes regarding the use of country systems with their respective HQs.
- South Africa takes the lead in promoting increased use of partner country's systems and exploring the Development Partners' role in strengthening South Africa's systems to make them more efficient and effective.
- Development Partners should not undermine systems if they are not "good" enough, but strengthen them.
- Alignment needs to be addressed at a HQ and political level.

Harmonisation

- Establish a clear framework driven by partner country for managing and coordinating the division of labour.
- The national Development Partner coordination issue needs to be debated further by partner countries and Development Partners to clarify both the fears and motivations for and against such a forum: What is the gap and how can it be filled? How should the division of labour be decided?
- The International Development Cooperation needs to consider restructuring according to cluster lines, and the relationship between international relations and ODA should be discussed.
- There is need to hold more regular Development Counsellor and ODA Coordinator Forums and establish Cluster ODA Forums to ensure ODA effectiveness.
- Further research is needed to establish the desirability and feasibility of a coordination unit for regional ODA, and collaboration needs to be established within Department of Foreign Affairs.

Mutual Accountability

- Develop mutually agreed framework on modalities for reporting on results; such a framework would specify the means, identify roles and responsibilities and reporting schedule, and would be aligned to the new Government-wide Monitoring and Evaluation System and existing departmental M&E systems.
- A deeper, common understanding of mutual accountability needs to be developed by Development Partners and partner country through debate (and lead to the development of structured learning opportunities to share examples of good practice and lessons learnt from within South Africa and from Development Partners' experiences elsewhere in the developing world).
- The efforts to upgrade the Development Cooperation Information System should continue and receive sufficient capacity and resources to help speed up the process.

Department of Foreign Aid and Budget Monitoring
Ministry of Plan Implementation

Evaluation of the Implementation of the Paris Declaration: Case Study of Sri Lanka

Executive Summary

Asoka S. Gunawardena
Ministry of Plan Implementation

Evaluation of the Implementation of the Paris Declaration
Case Study Country Level Evaluations/Sri Lanka

Executive Summary

The Paris Declaration sets out a monitorable framework of commitments and actions for improving aid effectiveness. The evaluation assesses what works, what does not work and why. This evaluation study was undertaken for the Ministry of Plan Implementation in pursuance of its mandate as the national focal point for monitoring and evaluation.

The evaluation used many sources as a basis including the Monitoring Survey of the Paris Declaration (Donor Aid Coordination Unit; 2006) and gathered information using structured interviews based on an "Assessment Questionnaire". A representative sample covering sectors, Development Partners, government institutions and civil society stakeholders enabled capturing a comprehensive profile. Findings were validated through stakeholder workshops.

Sri Lanka's elevation as a middle income country is likely to limit eligibility for "concessional" aid. However, several significant steps have been taken to reform the management and delivery of aid. This evaluation focuses on the Paris Declaration principles, commitments and programme theory (refer TOR).

The Paris Declaration as a tool for Aid Effectiveness

The fundamental focus of the Paris Declaration is on improving transparency, accountability and results orientation in the management and delivery of aid. Sri Lanka as a signatory to the Paris Declaration is committed to taking forward the aid effectiveness agenda. However, it is necessary to localise the Paris Declaration for it to become an effective tool for aid management and delivery.

Alignment and Harmonisation of Development Partner Behaviour

The Paris Declaration monitoring indicator status suggests differences in the donor positions across the indicators, with greater conformity in respect of commitments on some themes and indicators than others. There are also differences in the positions of bilateral and multilateral donors, greater compliance being demonstrated by the latter.

The monitoring indicators suggest that Development Partners have responded positively to the country systems in place.

- With regard to Official Development Assistance, there is a high level of aid disbursement for the government sector (approximately 89%), with 77.6% channelled through the government budget, approximately 65% of disbursements using country public financial management systems and 50% of procurements following national procurement procedures.
- However, findings suggest inadequate commonality in orientation on the part of donors at the different levels of aid engagement.
- Significant is joint country analytic work as well as initiatives in sector-based arrangements extending from master plans (health and roads) to programme-based approaches (environment) and SWAPs (education) as well as joint assessments of post-conflict rehabilitation and reconstruction and post tsunami recovery and reconstruction.
- However, in general, donors continue to rely on own assessments, formats, procedures and strategies.

Key issues and concerns regarding donor capacity:

- Absence of a joint Development Partner country assistance strategy.
- Limited discretion at the field level of donors for flexibility in operating systems and procedures to respond to local conditions.
- Field staff sometimes lacking in sensitivity to local contexts and issues.
- The tendency of the donors to demonstrate a concern for procedure rather than result.

As far as incentives are concerned, the study findings suggest that:

- At the country level, donor behaviour is driven by disbursement imperatives rather than results and sustainability considerations.
- Donor field office performance assessment is also driven by disbursement imperatives rather than results.
- Development assistance tends to be driven by the transfer of international development technologies, products, and systems rather than local solutions.

Partner Country Ownership

Several significant steps have been taken to strengthen national ownership. The ownership commitment is marked by the following:

- The adoption of the "Ten Year Horizon – Development Framework" with the participation of all stakeholders is a significant milestone.
- Sector plans and strategies strengthening sector ownership.
- Progressive shift to sector-wide approaches as the basis for more effective aid coordination.
- In areas where agency capacity is weak, the aid nexus works more in its informal dimension where the donor leads the interaction. Such donor-driven project formulation tends to undermine national ownership.
- Perception of centralised government ownership of the development agenda and the need for "broadening" (civil society) and "deepening" (sub-national) stakeholder involvement to ensure national ownership.

The capacity to manage the use of aid is marked by strengths and weaknesses.

- Adoption of a "Medium-term Macro Expenditure Framework 2006-2009" as the basis for prioritising public expenditures and improving the link between the national development framework and resource allocation.
- Planning units in Ministries are burdened with routine administration, hence requiring reorientation and capacity building.
- Forward-looking MfDR initiative and results-focused approach to "Foreign Aid Budget Monitoring" of major aid projects. However, capacity constraints need to be addressed on an urgent basis.
- Duplication of efforts through parallel monitoring of aid projects by donors is a concern that needs to be addressed.

Key concerns of the incentive regime are the following:

- Delivery of foreign funded projects, while reflected in budgets, is perceived as an "additional" activity, external to service provision responsibilities and undermining the mainstreaming of aid programmes.
- Foreign aid projects perceived as the domain of "project staff" continue to keep the project entity outside the mainstream.
- While ministries with strong institutional and staff capacity have demonstrated a keenness to phase out Project Implementation Units, those with capacity constraints place reliance on dedicated structures for project implementation.
- Separation of project entities in some instances has caused threats to the sustainability of the aid intervention and undermined national ownership.

Effectiveness Outputs and Results

Significant progress is recorded on several aid reform commitments. However, there are problems of capacity on the part of partner country agencies to engage with multiple donors, systems and procedures. It limits achievements in ownership, alignment and harmonisation and increases transaction costs.

Despite constraints and limitations, the following achievements are noteworthy:

- Strengthening of ownership through improved coordination of national and sector development strategies.
- Enhanced aid alignment through the use of national public financial management and procurement systems.
- A movement towards donor harmonisation through increasing use of sector-based approaches.
- Initial steps taken to institutionalise MfDR initiatives and the commitment of donors to support capacity building in these areas.

Issues and Challenges in Managing Change in Reorienting the Aid Nexus

Overall there is good performance on the basis of the monitoring indicators. However, the evaluation reveals gaps in aid reform management to achieve aid effectiveness. Significant challenges remain:

- Enhancing ownership. Ministries, sub-national governments and civil society partners must become actively involved as stakeholders.
- Ensuring continuity of national development strategy through changes of government policy make alignment in practice a challenging task.
- Imposed conditionalities and tying of aid especially by bilaterals is tending to undermine national ownership and restrict aid effectiveness. It also affects predictability of aid.
- Possible absence of donor identity being perceived as a threat. Donor concern for attribution of contributions perceiving programme based approaches involving general budget support as a threat.

- Increasing transaction costs to country partner in having to continue to work with multiple donor systems within sector-based approaches in the absence of donor harmonisation.
- The issue of partner country capacity at the national and agency levels and further enhancing of the quality of country systems.
- While the Paris Declaration as a whole is an opportunity for the partner country, the possibility of a coordinated collective stand by donors is being perceived as a threat.

Effectiveness reform will necessarily be a selective process. Strategic change thrusts in moving towards aid effectiveness will involve addressing the following:

- Complementing high-level political commitment in the aid agenda, extending and expanding the ownership of national development strategy.
- Expand the area of alignment and harmonisation by building capacity for coordinated action on the part of donors and partner country to further enhance the quality of country systems.
- Bring about greater awareness of the Paris Declaration themes and commitments, and the implications of application at different levels of government. Absence of knowledge is a constraint to taking full advantage of the Paris Declaration principles and tools by the partner country.
- Establish sector-based modalities for building horizontal (trust and confidence) and vertical (reporting) accountability linkages.
- Enhanced donor support for institutionalising managing for development results.
- Shifting to joint evaluations as opposed to donor-driven evaluation to improve capacity, ownership and mutual accountability.
- Moving from supply-driven to needs-based and demand-driven capacity development support.

Government of the Republic of Uganda

Evaluation of the Implementation of the Paris Declaration: Case Study of Uganda

Executive Summary

The Paris Declaration Evaluation was commissioned by the Office of the Prime Minister and managed under the Secretariat of the National Monitoring and Evaluation Strategy. The assignment was financed by the Austrian Development Agency.

The consultants acknowledge the guidance of the Office of the Prime Minister, of the tripartite sub-committee of the PEAP secretariat with members from the Ministry of Finance, Planning and Economic Development, the National Planning Authority, and the Austrian Development Agency.

The consultants are grateful for the cooperation shown by all the Development Partners and government officials who have been approached by the consultants at this stage of the assignment.

Evaluation of the Implementation of the Paris Declaration in Uganda

1. Introduction

This report sets out the findings of an independent Evaluation of the Implementation of the Paris Declaration in Uganda. The study is part of a larger global study led by the DAC Development Evaluation Network to contribute to the process of continuous learning and the strengthening of outcomes of the Paris Declaration (PD). The **overall purpose** of the evaluation is to assess the performance of the implementation of the Paris Declaration at its mid-point relative to the 2010 targets. It is expected that these findings will feed into the ongoing evaluation of Uganda's national Poverty Eradication Action Plan (1997-2007) and inform the new planning framework currently under formulation.

The analysis is primarily qualitative. Evidence was collected from both literature on aid management in Uganda and key informant interviews guided by an interview schedule. Sampling of respondents was purposive and encompassed central government, sector ministries, quasi-government institutions, Development Partners, civil society, and the private sector.

Furthermore, three sectors were prioritised for case studies: *education; justice, law and order;* and *agriculture*.

2. Main findings and conclusions

2.1 Clarity, Relevance and Coherence of the Paris Declaration

Clarity

The evaluation findings point to a stark information asymmetry as regards awareness and clarity of the Paris Declaration among stakeholders in Uganda. Knowledge is concentrated in a few individuals who have participated in previous aid effectiveness meetings (local or international). Closer analysis reveals that a more systematic nationwide dissemination plan for the Paris Declaration is what has been missing. The Paris Declaration seems to have suffered from the lack of a definitive driver given its dual ownership by the country partner and the Development Partners. There has been no clear line of responsibility for the dissemination of information or inviting civil society and the private sector into the Paris Declaration-related processes and dialogue at national/international level. Early resolution of this is

needed if the 2010 targets for the Paris Declaration are to be met.

Development Partners requested further clarity on indicators 3, 4, 5, 6, 7 and 10 when completing the 2008 Survey, thus facilitating harmonised interpretation and data comparability. Further, a decision is necessary on whether to keep the current twelve Paris Declaration indicators as a basic, cost-effective and manageable set or to add new indicators to monitor additional commitments for outstanding critical issues such as governance and corruption, which Development Partners in Uganda partly blame for having slowed down progress on Paris Declaration implementation.

Relevance

Uganda's experience suggests that the Paris Declaration has added value to pre-existing arrangements for managing aid. The Paris Declaration reinforced the message of ownership, alignment and harmonisation already robust in the PEAP Partnership Principles of 2001, thus elevating the significance of this home-grown strategy for aid management to the extent that even Development Partners who were reluctant to ratify the PP ended up doing so. The Paris Declaration is also viewed by Development Partners as having complemented the PEAP Partnership Principles which were less explicit than the former on issues of managing for development results and mutual accountability. In addition, the Paris Declaration gave impetus to donors to agree on a Joint Assistance Strategy for Uganda and to embark on an ambitious division of labour (DoL) exercise.

Coherence

The link between the Paris Declaration and aid effectiveness is beyond question as it addresses head-on several critical issues (clear country-led national strategy, focus on results, medium-term expenditure planning framework for rationalisation of budget allocation, synergy through alignment and harmonisation, transaction costs, local capacity through use of existing systems, etc). Coherence, however, can still be improved by sharpening the finer detail. One of the primary concerns raised by Development Partners in Uganda is that commitment to improving aid predictability does not fully take into account the risks posed by a deterioration in political and administrative governance – which in 2005/6 prompted Development Partners to temporarily cut budget support from USD 442 million to USD 226 million.

2.2 Changes in Partner Country Behaviour and Results Achieved

Commitment

Uganda's commitment to aid effectiveness predates the Paris Declaration. It is one of the first countries to embrace the Sector Wide Approach. In 2001, the Government of Uganda and its Development Partners also pioneered the concept of *"partnership principles"*, which in many ways underscores Uganda's uniqueness in embedding the principles of local ownership and leadership into national aid policy and practice. Hence, within much of government, commitment to the Paris Declaration is subsumed in the adherence to PEAP Partnership Principles and the SWAp MoUs. However, this commitment is not demonstrated on a continuous basis or uniformly across government or quasi-government institutions.

Capacity

Government remains committed to the civil service reforms and capacity building which have been ongoing for the past decade. However, the required level of capacity to implement the necessary reforms to which Development Partners are aligning is not yet achieved. In addition, a USD 70 million Performance Enhancement Facility (PEF) that was intended to be introduced with World Bank funding as complimentary to the core Public Service Reform Programme was not approved by Parliament in December 2007. As a demand-driven approach to capacity building, the PEF would have served as an alternative to the dominant supply driven mode of capacity building through various sector support programmes and projects, which so far has had limited results.

Incentives

No incentives were introduced within government specifically to support the implementation of the Paris Declaration. However, there were many but ad hoc opportunities for government officials to participate in international aid effectiveness meetings or training programmes related to the subject. There are also strong views within government that creating selective incentives would undermine the overall incentive structure within the public service. However, the overall outlook of civil service incentive packages remains that they negate staff motivation, retention and performance. The Ministry of Public Service lacks the resources to offer incentives to adhere to results-oriented management (ROM) and related integrated performance management framework (IPMF) processes.

Results achieved

In terms of progress made against the twelve Paris Declaration indicators, findings of this evaluation concur with the conclusion of the 2006 Survey on the Monitoring of the Paris Declaration in Uganda that it is high on indicator 1 (operational development strategies that have clear strategic priorities linked to a medium term expenditure framework) and indicator 11 (transparent and monitorable performance assessment frameworks), and modest on Indicator 2 (reliable country systems) as well as indicator 12 (mutual assessment of progress).

2.3 Changes in Development Partner Behaviour and Results Achieved

Commitment

Aid practices in Uganda confirm almost universal commitment to aid effectiveness by Development Partners, but not necessarily to the Paris Declaration. Though increasing, commitment to the Paris Declaration varies markedly across Development Partners. It is high among the twelve Uganda Joint Assist-

ance Strategy partners who provide either budget support or programmatic support, and who together provide about two-thirds of the budget. Some of them have either realigned their aid policies, instituted staff-orientation programmes on the Paris Declaration, or mainstreamed aid effectiveness targets into staff performance review and reward systems. Commitment was found to be lower among partners whose policies do not allow them to use country systems for public financial management and procurement (indicator 5) and continue in project mode. Some donors are selective about the areas they can engage with others concerning progress on the Paris Declaration, whilst a few reportedly stayed out of the Local Development Partners' Group.

Capacity

Study findings indicate that staff capacity is not a major determinant of progress on the Paris Declaration among Development Partners; it is more the political will to adhere with the Paris Declaration principles and commitments. There is even evidence that Development Partners who implement the Paris Declaration reduce both the number of projects and sector coverage focusing more on the budget support, SWAp or basket funding arrangements. This is freeing up staff resources for new tasks in aid coordination or upstream policy influence. However, these new tasks demand new skills which may not be immediately available in project staff but which can easily be acquired. However, without the political will at higher levels, the framework for strategy and programming around the Paris Declaration principles would not exist and country offices remain hamstrung.

Incentives

The main form of incentives for implementation the Paris Declaration is staff performance and reward systems, and these are more at top management levels. Practices for cascading these incentives to lower structures differ by Development Partner but are not systematised.

Results

There is sufficient evidence to conclude that good progress has been made on ownership and most alignment indicators except indicators 4, 5 and 6. Evidence from the twelve Development Partners interviewed confirms that the Paris Declaration has strengthened the Development Partners' respect and support for partner country leadership. The level of engagement varies between Development Partners, however. Nor is there local consensus on how Development Partners should contribute to policy formulation or when they should be invited to do so.

Both the UJAS and the DoL exercise are considered significant steps towards harmonisation despite the temporary loss in momentum in 2007. There is no evidence yet, however, on the donor side that harmonisation efforts have lowered transaction costs. Indeed, a transitional increase in transaction costs is expected from aid harmonisation efforts.

3. Some of the lessons from the Uganda experience

1. Reaching agreement on a Joint Assistance Strategy is very difficult among Development Partners because of divergent views and policies. However, once agreed it is likely to have high payoffs in the reduction transaction costs, at least for the partner country.
2. Emphasis on use of country systems for public financial management and procurement has to take care of country-specific risks such as poor administration, political governance and corruption, and hence needs to be balanced with appropriate risk mitigation measures.
3. Promoting a single modality, e.g., budget support, is not ideal practice given the risk of marginalising salient issues such as innovation, environment, demand-side governance and the private sector.

4. Main recomendations

For OECD/DAC: Consolidating the Paris Declaration

1. Agreement should be reached between Development Partners and the partner countries on a suitable and clear institutional home for the Paris Declaration at country level that can be charged with the responsibility of informing the public, monitoring implementation as well as getting feedback on the PD. Resources should be identified and a time-frame set for such activities.
2. The Paris Declaration should be transformed into a flexible and adaptable agreement that is realistic about the influence of local and donor priorities. The next edition of the Paris Declaration should not only provide a clear hierarchy of preferred aid modalities but also allude to the attendant need for balance or optimal diversity in aid instruments.
3. Further work should be carried out to (a) clarify the principles in order to eliminate inherent contradictions and (b) better define indicators 3, 4, 5, 6, 7 and 10 so as to harmonise their interpretation by Development Partners.
4. A decision should be made on whether to keep the current twelve Paris Declaration indicators as a basic, cost-effective and manageable set or to add new indicators to monitor additional commitments for addressing outstanding critical issues such as governance and corruption.

For Government of Uganda: Consolidating Change in Partner Country Behaviour

5. The Government of Uganda, through the MoFPED (Ministry of Finance, Planning and Economic Development), should develop and implement a sound dissemination plan. MoFPED should also play the role of overall coordinator of all sector working groups in order for the government to have a consolidated view of development effectiveness issues in the country.
6. Institutional roles in national planning need to the streamlined to avoid creating a syndrome of "shifting power centres".

7. Efforts should be made to enhance the collection of both process and impact data in all sectors and to establish stronger linkages between sectors and the National Integrated Monitoring and Evaluation Strategy where information for decision-making is required.
8. Government of Uganda should continue to uphold the principles of good governance, transparency and accountability. It should adopt zero tolerance for corruption within government, civil society and the private sector. Swift action is needed to fully implement existing policy and legislative provisions, including efficiently executing recommendations of all commissions of inquiry into cases of fraud.

For Development Partners: Consolidating Change in Development Partner Behaviour

9. All Development Partners operating in Uganda should join the Uganda Joint Assistance Strategy and fully participate in both the Division of Labour Exercise and the Local Development Partner Group Meetings.
10. Development Partners in Uganda should increase their use of national systems whilst helping with one voice to strengthen country capacity in governance, public financial management and procurement, especially dealing with systemic (as opposed to symptomatic) issues of corruption, rather than use this as an excuse for a lack of engagement.
11. Development Partners should continue to influence each other through the UJAS framework to reduce the number of PIUs (Project Implementation Units) except where there is a clearly identified need supported by government, and where the PIUs report and account to the national institutions hosting them. Such PIUs should be retained but with a clear exit plan.
12. There is a need to more carefully consider the choice of aid modality, reconsidering where possible the necessity of project support, and ensuring that this preference does not undermine the overall vision on planning upstream.
13. There is a need to support the Government to assume its lead role in the division of labour exercise.

Department for International Development (DFID)

Evaluation of the Implementation of the Paris Declaration: Case Study of DFID, UK

Executive Summary

Nigel Thornton
Marcus Cox (Agulhas UK)

Executive Summary

1. The DFID HQ evaluation assessed DFID's institutional capacity to meet its Paris Declaration (PD) commitments. It was one of the eleven donor HQ studies prepared as part of Phase 1 of the evaluation of Paris Declaration implementation. It was also designed to support DFID in its continuing efforts to improve its own performance. In accordance with the common terms of reference for the donor HQ studies, the evaluation focused on three dimensions: commitment; capacity; and incentives. These were analysed across four institutional domains: policy; performance management and systems; programming and spending; and staffing.

2. This was a light-touch evaluation, based on a review of DFID documentation, interviews with around 40 DFID staff, mainly at headquarters level, and interviews with a number of external UK stakeholders, including the National Audit Office and development NGOs. The evaluation focused on DFID's organisational attributes, treating these as inputs into Paris Declaration implementation. It did not systematically assess DFID's performance (outputs) against specific Paris Declaration commitments. Findings are based on a combination of primary and secondary sources. Some of the evidence drawn from interviews was anecdotal in nature, although care was taken to triangulate across several sources. The conclusions are those of the evaluation team alone.

3. The evaluation found that commitment, capacity and incentives for implementation of the Paris Declaration principles are strong right across DFID. They have been consciously developed through policies, systems and procedures introduced into the department over the past decade. Many aspects of the Paris Declaration, particularly the change in aid delivery modalities, have become part of DFID's core business model. The core Paris Declaration principles have been internalised by DFID staff, becoming part of the way they understand their roles and responsibilities. As a result, DFID collectively approaches the Paris Declaration not so much as a set of external obligations, but as a tool that assists it to achieve its own corporate objectives.

4. DFID has already achieved most of the Paris Declaration targets, and there is no reason why it should not achieve the remaining targets by 2010. However, DFID's current systems do not deliver complete consistency in performance across all country offices, nor across different aspects of the Paris Declaration agenda. DFID's large-scale shift to upstream aid modalities, together with its very flexible rules and procedures, have ensured that it scores very well on harmonisation with other donors, country leadership of development policy and use of country systems for aid delivery. However, DFID's performance on reporting aid on the budget, in-year predictability of disbursements and partner-coordinated technical assistance is less consistent. In addition, DFID is not well equipped to measure its own performance on the softer or more qualitative Paris Declaration commitments, like country ownership and mutual accountability, which are difficult to capture through indicators.

i Commitment

5. DFID demonstrates a high degree of commitment to aid effectiveness, both in its formal policies and among staff. The evolution of its policies over the past decade shows a long-standing concern with improving aid effectiveness. As well as general commitments to aid effectiveness made in successive White Papers, there are policies on particular aid-effectiveness issues, including conditionality, country-led approaches and managing for results. DFID has taken on aid-effectiveness commitments over and above the Paris Declaration targets, both singly and in common with other EU members. DFID has strong policy capacity on aid effectiveness, with dedicated policy teams who act as internal advocates for improved aid practices.

6. DFID's high level of commitment to the Paris Declaration is reinforced by the domestic political environment, where international development has a high political salience, and pro-development lobbies are well organised and influential. DFID's external accountability mechanisms – to the UK Parliament, Treasury and National Audit Office – also support its commitment to effective use of its aid budget.

7. If there are any grounds for concern about DFID's commitment to the Paris Declaration, it is its preference for high-profile new initiatives over the continuing hard work of implementing old ones. New initiatives, such as global spending commitments and new funding vehicles for global public goods, do not fall clearly within the country-led paradigm, and have the potential to push the Paris Declaration into the background. There is also a potential danger that DFID may come to view the Paris Declaration primarily as a tool for external influencing, rather than as a guide to its own behaviour. The evaluation therefore welcomes DFID's recent commitment to becoming a model of good practice on aid effectiveness, and recommends that the commitment be reaffirmed periodically to ensure that it remains a high corporate priority.

ii Capacity

8. There are a number of basic structural features of DFID that reinforce its capacity on aid effectiveness. Its status as an independent ministry with a clear legal mandate to pursue poverty reduction helps insulate it from commercial and foreign policy pressures. As a result of UK civil service reforms over the past decade, DFID combines a high degree of operational autonomy for individual spending units with robust systems to hold them to account for their performance. The high level of decentralisation to country-office level enables DFID to negotiate and make credible commitments on harmonisation and alignment. Flexible rules and procedures allow country offices to be innovative in designing interventions, choosing delivery modalities and pursuing aid-effectiveness initiatives.

9. With half of its staff in country offices, DFID has relatively strong capacity in the field. DFID staff show a good understanding of Paris Declaration principles and commitments, even though training and on-the-job guidance on aid effectiveness is not as systematic as it could be. While the Paris Declaration is not used explicitly as a reference point for recruitment, appointment or promotion of staff, related skills such as partnership building, influencing and communications are included in DFID's general (staff) competency frameworks.

10. There is some concern within the department that the rapid scaling up of the UK aid budget, combined with compression of administrative costs across the UK civil service, may cause DFID's capacity to degrade. Country office staff reported that working according to the Paris Declaration principles is very time intensive, and are concerned about their ability to sustain this level of engagement in the future. On the other hand, senior managers believe that administrative cost constraints will reinforce DFID's commitment to the Paris Declaration agenda, encouraging more use of 'upstream' aid modalities and improved division of labour with other donors. The evaluation notes that this will be a critical issue for DFID in the coming period. The effectiveness of budget support and other programme-based approaches is dependent on the quality and intensity of engagement by DFID staff. Careful workforce planning will be needed to ensure that the high transaction costs associated with effective aid will continue to be supported.

iii Incentives

11. DFID has a strong approach to performance management and an increasing focus on results. It has established a cascading set of obligations, from the department as a whole through divisional and departmental levels down to country offices and individual staff. All levels of the organisation are required to report regularly on their contribution to corporate objectives, which include achieving the Millennium Development Goals. From 2008, the Paris Declaration has been incorporated explicitly into the departmental performance management system. There was a consensus among DFID staff interviewed for this evaluation that demonstrating compliance with the Paris Declaration principles would assist their career progression.

12. However, DFID's capacity to monitor and analyse its own performance against its aid effectiveness commitments could be improved. DFID has been primarily dependent on the DAC survey methodology to measure progress towards the quantitative targets, and to identify variations in performance across country programmes. There has been a lack of internal reporting on the qualitative Paris Declaration commitments such as country ownership, complementarity and mutual accountability, which are more open-ended in nature. In addition, DFID has not

systematically analysed the institutional reasons for variations in its performance, in order to identify corrective actions.

13. As a result, there is a risk that the performance management system encourages DFID to focus on quantitative targets, at the expense of qualitative commitments where progress is dependent on other actors and it is harder to demonstrate a direct contribution.

Recommendations

14. The evaluation recommends a package of priority measures that may help DFID to maintain and build its institutional commitment, capacity and incentives to implement the Paris Declaration.

a) Signals from ministers and senior managers on corporate priorities have a strong influence on institutional incentives. Continuing to **make periodic public commitments to Paris Declaration implementation** would therefore help to sustain momentum. It would also be useful for DFID to clarify how the Paris Declaration principles apply to new global partnerships and funding vehicles established to promote global public goods.

b) There is scope for DFID to **improve the monitoring of its performance under the Paris Declaration,** particularly in respect of commitments for which there are no quantitative indicators. A more effective monitoring system might include:
   I. **explicit aid-effectiveness strategies and approaches at country-office level**, with objectives and milestones clearly identified;
   II. **annual reporting by country offices of progress on aid effectiveness**, including reporting against qualitative commitments and analysis of the reasons for any shortfalls in performance;
   III. the **incorporation of aid-effectiveness data at project level into DFID's new information management system** (Aries).

c) It is important that performance reporting from country-office and divisional level is aggregated, analysed and used to inform continuing improvement in corporate systems and practices. This includes identifying good practices emerging at country level for dissemination across the department, as well as finding solutions to any institutional constraints identified by country offices. It would be helpful for the Aid Effectiveness and Accountability Department to engage further with this kind of diagnostic work, and to **produce an annual report on aid effectiveness identifying priorities and institutional measures for the coming year**.

d) DFID could strengthen its capacity for aid effectiveness by **using the Paris Declaration more explicitly as a reference point for personnel planning and management**. At present, training on the Paris Declaration and on related skills such as negotiation, influencing and partnership building is not systematic. The rapidly increasing UK aid budget combined with compression of its administrative budget may make it more difficult in the future for DFID to support the high transaction costs associated with Paris Declaration implementation. The evaluation therefore recommends that DFID undertake further effort to **measure these transaction costs, and take them into account in its workforce management and planning**. It may also be appropriate to **treat time spent on aid-effectiveness initiatives as a programme rather than an administrative cost.**

e) DFID could facilitate external accountability by **increasing its own transparency on aid effectiveness.** At present, technical shortcomings in information management systems and concerns about data quality means that information on DFID's spending and performance is not readily accessible. The new information management systems currently under preparation should significantly increase DFID's technical capacity to share this information publicly. The evaluation recommends that DFID **adopt a set of explicit transparency objectives** with a view to achieving international best practice, and build those into its ongoing Publishing Project Information initiative. In addition, it would be helpful to **review the way programming and financial data is presented on the country pages of the DFID website**, in order to facilitate partner assessment of DFID's performance against its aid-effectiveness commitments.

United Nations Development Group
(IFAD, UNAIDS, UNECA, UNIFEM, UNFPA and UNDP)

Evaluation of the Implementation of the Paris Declaration: Case Study of UNDG

Executive Summary

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Evaluation of UNDG Contribution to the Implementation of Paris Declaration on Aid Effectiveness

Executive Summary

I. Introduction

In 2006, the United Nations Development Group[1] (UNDG), a signatory of the Paris Declaration on Aid Effectiveness (PD), agreed with other donors and partner countries to conduct an evaluation of the implementation of the Paris Declaration between 2007 and 2010 using a two-phased approach. The first phase, a *formative* evaluation, is to focus on inputs, implementation process and outputs (to the extent possible). The second phase, a *summative* evaluation, is to focus on implementation results and outcomes. The first-phase will contribute to the High Level Forum on Aid Effectiveness scheduled for September 2008 in Accra, Ghana.

Within UNDG, it was agreed that the United Nations Development Programme (UNDP) would carry out the assessment jointly with the International Fund for Agricultural Development (IFAD), the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Economic Commission for Africa (UNECA), the United Nations Population Fund (UNFPA) and the United Nations Fund for Women (UNIFEM).[2]

1 For a list of the members of the UNDG, see Annex 2.

2 Two UNDG member organisations that agreed to carry out the joint assessment are direct signatories of the PD: UNECA and IFAD.

The objectives of the evaluation were to:

- Assess UNDG initiatives in support of the implementation of the Paris Declaration
- Assess United Nations Country Teams (UNCTs) initiatives related to increasing aid effectiveness
- Learn about lessons from Paris Declaration-related initiatives and strategies implemented by UNDG organisations at the corporate and country levels

The design of the evaluation centred around three dimensions identified as principal contributors to Development Partner behaviour: *commitment*, *capacities* and *incentive systems*. In addition, the evaluation was to examine four cross-cutting subjects: gender equality, HIV/AIDS, rural development and capacity development. Finally, the evaluation was to recognise the specificity of UNDG in the implementation of the Paris Declaration while acknowledging the broader UN contribution.

The main elements of the *methodology* were to:

- Assess Paris Declaration-related actions by the participating UNDG entities, recognising that some Paris Declaration dimensions were already principles of engagement of UNDG members prior to the Paris Declaration.
- Conduct six country case studies to determine the UNDG role in fostering the Paris Declaration principles at the country level.
- Assess the four cross-cutting issues in both headquarters and country case studies.

- Conduct an electronic survey of the United Nations Resident Coordinators (RCs) who chair the UNCTs in both signatory and non-signatory countries for systematic feedback on the implementation of the Paris Declaration.

The evaluation recognised some major limitations, including: the Paris Declaration's short implementation period, absence of a common baseline on the Paris Declaration commitments, and the samples' biases of self-selection and volunteering.

II. Conclusions

The evaluation has yielded the following conclusions:

1. UNDG experience in applying Paris Declaration principles varied substantially across the five Paris Declaration principles. Progress was most evident in supporting country ownership and alignment with national development strategies. There were also some interesting cases of progress in the area of mutual accountability. However, progress relating to alignment in using country systems and harmonisation across UNDG members (and beyond) shows the greatest room for improvement. Strong coordination mechanisms involving other Development Partners and partner governments are critical for RCs/UNCTs to foster Paris Declaration implementation.

   The RC/UNCT role extends far beyond the Paris Declaration's aid effectiveness objectives. RCs and UNCTs may face issues of humanitarian assistance, crisis management, conflict prevention and peace building that take priority over Paris Declaration principles. This potential area of competition does not appear to have hindered Paris Declaration implementation. Some of the UN-related responsibilities that extend beyond the Paris Declaration may, however, be critical to achieving Paris Declaration objectives.

   1.1. The UNDG/UNCT contribution to strengthening **ownership** mainly took the form of assisting governments in strengthening capacity to prepare and execute their country development strategies and deal with new aid modalities such as SWAPS and DBS. Because country ownership varied largely, the role of the UNCT also varied. The Resident Coordinator offices, as well as individual UN organisations, through collaboration with governments and multilateral and bilateral agencies, have played an important role in creating an enabling environment for achieving the Paris Declaration objectives. UNDG/UNCT was seen a trusted partner, supporting countries in fulfilling both their national and international development obligations and in designing and implementing development strategies.

   1.2. The main progress in **alignment** took place with respect to development strategies at national and sectoral levels, including aligning planning cycles of UNDAF to national development plans. There is room for improvement by UNCT in other elements of alignment that relate to use of national systems of partner countries (such as reporting, public financial management, country audits and procurement).

   Coordination regarding development priority setting and planning among UNCT members and other Development Partners seems to have improved greatly as a result of thematic groups and larger coordination forums. In all six case-study countries, UNCT understood that it has become increasing difficult to act in isolation, although fuller joint programming has not yet been achieved.

   1.3. Some progress did occur in improved coordination among UNCT members and other Development Partners (most important under the Harmonised Approach to Cash Transfers [HACT] initiative). However, partner countries have higher expectations for measurable savings in transaction costs through alignment and harmonisation. UNCT members felt most constrained in acceding to partner countries requests to harmonise their headquarter-determined procedures. Thus efforts to reduce transaction costs through **harmonisation** require an approach that addresses the concerns of both partner countries and the many UNCT agencies (and other Development Partners). Given the wide variance among UNDG member objectives, policies and procedures, the road to harmonisation remains an extraordinary challenge for UNDG.

   1.4. Government capacities to plan and coordinate Development Partners' contributions are of particular relevance to the Paris Declaration. For instance, the country case studies confirm that systematic strengthening of national statistical offices is particularly important to **managing for results** by providing credible and timely information. However, effective assistance to statistical offices requires long-term and comprehensive commitments in order to assure the required capacities are built.

   1.5. The feedback from the country case studies suggests that there is a long way to go in achieving the Paris Declaration objective of **mutual accountability** and joint assessments of mutual progress in aid effectiveness. Moreover, feedback from case-study countries included broad concern about donor commitments in regards to both level and predictability of support. UNCT plays a significant role in promoting mutual accountability, for example through its Round Tables that indicate performance under donor pledging, its participation in Consultative Group meetings, its support to governance reforms including strengthening the parliamentarian system,

and its support to civil society participation. UNECA plays a special role in fostering mutual accountability at the level of the African countries.

2. UNDG and the participating members in this assessment started out well in their commitment to respond to the Paris Declaration principles, both through actions at headquarters and through conveying the importance of the Paris Declaration to the RCs and the UNCTs. This relatively fast response was greatly facilitated by development assistance commitments in which UNDG members had already been engaged prior to the Paris Declaration.

   2.1. Changes were made to synchronise UNCT planning cycles with national planning cycles.

   2.2. UNCTs supported national partners in sector institutional arrangements, such as the United Nations Population Fund (UNFPA) involvement in sector wide approaches (SWAPs).

   2.3. Agencies increased efforts to use national systems, for example for procurement and operational procedures thus eliminating PIUs on procurement. However, significant variances between agencies and countries remain.

3. When responding to *capacities*, UNDG members used existing institutional structures and reinforced them where necessary rather than building additional structures. In the case of a relatively new institution (UNAIDS), it found the Paris Declaration principles relevant for building national HIV/AIDS responses. Most of the capacity development to enable UNDG members to implement the Paris Declaration has taken the form of specific instructions, guidelines and training to educate staff about the Paris Declaration. Prior commitments to major Paris Declaration principles embodied in the Common Country Assessments, CCAs, and United Nations Development Agreement Frameworks, UNDAFs, were helpful in this process.

   3.1 UNCTs provided substantial technical support to countries in formulating, revising and implementing national development strategies or PRSPs.

   3.2 UNDG established a policy network on MDGs to provide policy and operational advice to UNCTs in their technical support work.

4. When assessing *incentive* systems in place, the findings are discouraging. Those who are expected to take primary responsibility in implementing the Paris Declaration, the Resident Coordinators, find incentives specific to this endeavour weak. The performance evaluation of Resident Coordinators (which includes an assessment from agencies forming part of UNDG) directly addresses Paris Declaration-related responsibilities. However, for the many other UNDG member staff involved in the implementation of the Paris Declaration, this dimension is assessed in their performance evaluation only indirectly, mainly through agreed work programmes. Incentives to implement the Paris Declaration cannot rely only on traditional incentive systems focusing on the immediate actors concerned. The approach to incentives must be broadened to address directly the factors that stand in the way of greater progress, especially with respect to harmonisation.

5. Implementing the Paris Declaration principles across *crosscutting issues* has been uneven. In the case of *HIV/AIDS*, the presence of a UNDG entity (UNAIDS) was helpful to implementing Paris Declaration principles in this critical area. However, implementation was less successful in the remaining three of the four crosscutting issues reviewed in this assessment: gender equality, rural development and capacity development. Despite established UNDG member policies on gender equality and the practice in countries without a UNIFEM resident specialist to have a lead person on gender equality from another resident UNDG organisation in the UNCT, attention to gender equality is still lacking. The degree to which gender equality issues within the Paris Declaration context was addressed varied from country to country and there is room for improvement: clear strategies and indicators to measure progress made on *gender equality* efforts need to exist. With regard to *rural development* and *capacity development*, attention to and coordination by the UNCT can be improved through the respective working groups.

6. Many RCs/UNCTs work in non-Paris Declaration signatory countries. While non-signatory countries were not specifically assessed in this evaluation (no non-signatory countries were visited), feedback from the survey of RCs suggests that signatory countries are significantly better attuned to the Paris Declaration principles. Thus RCs and UNCTs in non-signatory countries face greater challenges in helping UNDG members respond to the principles embedded in the Paris Declaration.

III. Recommendations

1. UNDG should make increased use of national systems for support services, when appropriate and to the benefit of the partner countries, in order to strengthen national capacities and reduce transaction costs. Such support services include: procurement, security, information technology, telecommunications and banking, as well as planning, reporting and evaluation.

2. UNDG should further harmonise and simplify its business practices in order to enhance accountability and transparency of operational activities while ensuring that development assistance to partner countries is provided in a coherent fashion that supports capacity development. Practices that could be improved include: budgeting,

audit functions, procurement systems, and professional expertise, including the adoption of the International Public Sector Accounting Standards.

3. UNDG should measure the cost of non-harmonised approaches to development assistance and further standardise and harmonise the concepts and practices to reduce transaction costs.

4. UNDG should create specific, measurable, achievable and relevant results frameworks and strategies that enable partner countries to design, monitor and evaluate results in the development of their capacities at different levels to achieve national development goals and progress towards the internationally agreed development goals, including the Millennium Development Goals.

5. It is recommended that UNDG encourages governments of partner countries to initiate and conduct joint and country-led evaluations that assess the contribution of the United Nations development system to national development plans and strategies, and to systematise and disseminate lessons learned from these exercises as mechanisms for mutual accountability.

6. UNDG should reinforce its commitment to strengthen the capacity of partner countries, at their request and with their ownership and leadership, to coordinate external assistance, including system-wide and sector-wide approaches and budget support, and to make the best possible use of such assistance, especially by being involved in national planning and monitoring processes and linking the aid effectiveness agenda to the broader development effectiveness agenda.

7. UNDG should harmonise its approach amongst its members and other Development Partners to strengthen national capacities. Capacity development is commonly associated with various forms of support aimed at individuals (training), institutions (organisational development) and the enabling environment (support to policies and strategies). UNDG should contribute to the capacity of partner countries to optimise the use of new aid modalities.

8. UNDG should further develop and strengthen its knowledge management systems and expertise, including resources readily available at the regional level and from non-resident agencies to better assist partner country needs for capacity development.

9. Incentives to implement the Paris Declaration should address directly the factors that stand in the way of progress, especially with respect to harmonisation. UNDG should address the structural obstacles to the adherence of the Paris Declaration principles as part of a broader UN reform process. This goes beyond the subject of the present evaluation, which addresses Paris Declaration implementation, though it clearly impacts UNDG's efficient delivery of development assistance.

10. UNDG should adopt a complementary approach to incorporating cross-cutting issues like gender mainstreaming, capacity development and rural development as has been done in the response to HIV/AIDS. In addition, UNCTs should review the adequacy of their arrangements and efforts aimed at gender equality and rural development in countries with substantial rural poverty by going beyond social concerns and addressing rural poverty on a sustainable basis, recognising systematically the need for production and income improvements.

Partnership Group on Aid Effectiveness
Vietnam

Independent Monitoring Report on Implementation of the Hanoi Core Statement

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This report was prepared by an independent monitoring team. It does not reflect the official views of the Government of Vietnam, Development Partners or other organisations consulted by the team.

Executive Summary

Within a few months of the Paris Declaration on Aid Effectiveness in 2005, Vietnam and its Development Partners adopted the Hanoi Core Statement on Aid Effectiveness (HCS), setting out 28 Partnership Commitments and fourteen targets to be achieved by 2010. The HCS provides that the Government of Vietnam (GoV) and donors should periodically review their progress against these commitments through an Independent Monitoring process. This is the first such exercise.

The assessment was carried out by an Independent Monitoring Team (IMT), using a methodology agreed with the Management Board established by the Partnership Group on Aid Effectiveness to oversee the process. It offers an overview of HCS implementation to date, plus detailed examination of three thematic areas: (i) country leadership and donor alignment behind the national development agenda; (ii) use of country systems for ODA delivery; and (iii) organising HCS implementation. These themes were explored through case studies of three sectors – education, transport and rural water and sanitation. The IMT also conducted reviews of four donors (Belgium, Danida, DFID and the World Bank) that are participating in the exercise on a voluntary basis.

Under the HCS, the Independent Monitoring process is intended to support mutual accountability. The IMT is called upon to make judgments on the quality of effort by both GoV and donors to implement the HCS, and to point out any shortcomings.

Since the adoption of the HCS, Vietnam and its Development Partners have launched an impressive number of initiatives to strengthen what is already in many respects a mature and effective Development Partnership. The judgments contained in this report are made against the high standards that Vietnam and its Development Partners have set for themselves. While this report focuses on areas where there is scope for improvement, this should not be read as detracting from the very important achievements to date.

Country Leadership and Donor Alignment

Country ownership of the development agenda in Vietnam continues to be very strong. GoV's pursuit of rapid economic growth is matched by a commitment to ensure that the benefits are shared equitably across society. Its budget allocations are pro-poor in nature, and its record on poverty reduction is among the best in the world. Vietnam has already achieved the first of its Millennium Development Goals – to halve poverty by 2015. This demonstrated commitment to pro-poor growth provides an essential foundation for the strong Development Partnership in Vietnam.

Ownership of the national development agenda beyond government is becoming broader. The Socio-Economic Development Plan 2006-2010 (SEDP) was developed through extensive consultations across Vietnamese society, with stronger participation by the National Assembly than in the past. GoV has made a clear commitment to strengthening grass-roots

democracy, and local communities are able to participate in setting local development priorities. However, there is scope for creating more permanent dialogue structures with civil society, as well as for greater donor assistance to build civil society capacity to engage in the policy process.

There is a well-developed policy dialogue between donors and GoV, which is respectful of country ownership. In place of traditional policy conditionality, donors direct their analytical work and policy advice towards helping Vietnam to achieve its development goals. The Poverty Reduction Support Credit (PRSC) – the general budget support instrument – has evolved into an effective platform for GoV and donors to agree an annual set of policy actions to achieve Vietnam's development goals. The PRSC contains a soft financial incentive, in that disbursements from the World Bank are linked to performance against the previous year's commitments, but does not contain formal policy conditionality. The PRSC process is welcomed by line ministries, who see it as an opportunity to signal their priorities.

Vietnam's capacity to lead on development strategy has improved significantly. Compared to its predecessors, the SEDP is based on a broader knowledge base on poverty in Vietnam, following major investments in surveys and analytical work. The development agenda has been expanded to include new challenges such as environmental protection, and there is now a results framework based on logical results chains. However, there is still some way to go to turn the SEDP into a fully operational strategy. A stronger link between the planning process and the recurrent and capital budgets would improve prioritisation, and create a more solid basis for donor alignment. Work on integrating planning and budgeting is underway through pilot Medium-Term Expenditure Frameworks.

Most donors have aligned their country programmes to the SEDP, or are in the process of doing so. However, alignment at this level is not a very onerous commitment, and has not involved any significant reorientation in donor programmes. Aligning at the sectoral level is a more difficult challenge, which depends on the state of planning and budgeting processes in the sectors, as well as on the quality of engagement by donors. There is significant variation across the sectors on the extent of alignment. In the most advanced sectors, such as education, line ministries have begun to plan their activities against a common resource envelope, which includes both national resources and ODA. This has taken several years of harmonisation and alignment efforts to achieve. In sectors where this has not yet happened, external assistance is still fragmented. For example, the Ministry of Agriculture and Rural Development reports that it has 260 separate aid projects, which makes it difficult to maintain strategic oversight. Most donors have now changed their programming practices, and work closely with their Vietnamese counterparts and other donors to ensure their activities are aligned with GoV strategies and priorities. However, a significant share of ODA to Vietnam is still in the form of stand-alone project aid.

The IMT concludes that the HCS target of 75% of aid delivered in the form of Programme-Based Approaches is a key priority for Vietnam. Donors should ensure that their sectoral assistance is helping to build the policies, systems and capacities that Vietnam will need as it approaches Middle-Income Country (MIC) status.

Since the HCS was adopted, new aid modalities, principally targeted budget support, have been trialled in education, small infrastructure and rural water and sanitation. Directing assistance through the budget offers an effective means of engaging with the challenges of decentralised service delivery. However the experience to date suggests that it is not budget support itself, but the quality of the engagement that accompanies it, that determines impact. Budget support complements, but does not substitute for, intensive policy dialogue, high-quality relationships and well-designed capacity building. Donors that enter into budget support arrangements in the hope of reducing their own transaction costs are likely to be disappointed.

Country leadership of capacity-building assistance continues to present problems in Vietnam. GoV has a number of capacity-building programmes underway, particularly on ODA management, but in general is not providing donors with sufficient guidance on the kinds of support it needs. Many line ministries appear sceptical of the value of foreign technical assistance, and the record of technical assistance procured and managed by line ministries is not particularly encouraging.

Use of Country Systems

Vietnam is committed to establishing a single legal and institutional framework for public investment, covering both ODA and national resources. This is an extremely important objective, given Vietnam's approaching MIC status and its need to access new sources of development finance. Both GoV and donors are living up to their commitments to invest in strengthening country systems for ODA management, and there is an impressive range of legal reform and capacity-building programmes underway. Key achievements have included new regulations on ODA management, a new Procurement Law, common project-management tools, and an extensive, on-going programme of public-financial management reform. The Five Banks and other donors have provided well-coordinated and strategic support to these processes.

So far, however, the record on use of country systems is still quite modest. The 2006 Baseline Survey recorded 33% of ODA using country procurement systems, and only 27% using public financial management systems. Most of this is accounted for by the PRSC and other forms of on-budget support. The IMT noted some clear differences of approach among donors to the use of the country systems.

i) The development banks have increased their use of programmatic lending, which automatically uses country systems, but are not yet using country systems for invest-

ment loans. Taking a strict reading of the HCS, they recognise an obligation to use country systems only as and when they reach international standards. Until then, they are bound by rules preventing them from compromising on their fiduciary standards.

ii) There is a group of bilateral donors that now have more permissive rules regarding use of country systems, that enable them to balance the greater development impact and sustainability of using country systems against the potentially higher fiduciary risk. These donors have begun to change their practices for new projects, although they still have a substantial legacy of on-going activities that are proving difficult to change.

iii) There remain a significant number of bilateral and multilateral donors whose rules do not permit use of country systems to any great extent. Under the Baseline Survey, 18 of 34 donors were using country PFM systems for less than 10% of their aid.

Most donors are honouring their commitment not to create parallel structures for aid delivery, or pay additional financial incentives to GoV employees, in respect of new aid projects. A recent EU-UN agreement to align donor and GoV cost norms by 2010 is an important milestone in eliminating parallel project structures. However, donors report resistance from their Vietnamese counterparts to changing management arrangements on existing projects. GoV and donors will need to develop a process for integrating existing projects as quickly as possible, if the HCS targets are to be met.

There are still inconsistencies within Vietnamese legislation on ODA management, and between Vietnam regulations and donor rules, that need to be resolved in order to improve the project implementation rate and facilitate greater use of country systems. There is scope for the Government to improve its management of complex reform processes.

Organising HCS Implementation

Since the adoption of the HCS in 2005, Vietnam and its Development Partners have launched an ambitious set of structures and processes to support its implementation, under the leadership of the Partnership Group on Aid Effectiveness (PGAE). Two years on, implementation has entered into a detailed, technical phase, where progress does not always appear commensurate with the efforts being put in. Some changes to the process are needed to sustain momentum and guard against the danger of fatigue.

There are more than 20 sectoral or thematic Partnership Groups, which vary significantly in composition and function. Some have evolved into effective structures for policy dialogue and strategic coordination; others remain at the level of information sharing. While there is no single model for an effective Partnership Group, line ministries and donors should be jointly accountable to the PGAE for their progress on strengthening their structures and processes.
Donor harmonisation in Vietnam works through relatively informal donor groupings – the Five Banks, the Like-Minded Donor Group, the EU Member States, the UN family – rather than a more structured process such as a joint assistance strategy. Donors are generally well coordinated in their preparation of analytical work and policy advice, and there is an increasing volume of joint programming. However, complementarity and division of labour are not well developed. Joint programming initiatives involving large numbers of donors in areas like education have resulted in complex and sometimes cumbersome management structures. It is likely that considerable efficiency gains could be realised by donors being more selective in their choice of programming areas, and making more use of silent partnerships and lead donor arrangements.

There is a broad consensus that the PGAE needs to be revitalised. The practice of preparing annual aid-effectiveness action plans has fallen away. The PGAE has become drawn into the technical detail of implementation, making it less effective as a forum for promoting mutual accountability. The IMT concludes that mutual accountability would be strengthened by separating political oversight from the technical management of HCS implementation. Technical processes should be entrusted to ad hoc, short-term Thematic Groups. The PGAE itself should focus on developing and overseeing the implementation of an annual HCS Action Plan, focusing on a limited number of genuine strategic priorities. It should ensure that deadlocks and areas of poor performance are referred to the appropriate political authorities for early resolution.

Recommendations

The IMT recommends four priority areas for strengthening aid effectiveness in Vietnam, for inclusion in an annual action plan on HCS implementation.

1. **Building Stronger Sectoral Capacity through Programme-Based Approaches.** Donors and GoV should intensify their efforts to ensure that external assistance fits within a strategic approach to the development of each sector. The form, sequencing and funding modalities will vary in each case, but the goals should include: clear medium-term strategies; strengthening planning and budgeting processes to enable ODA to be programmed jointly with national resources; greater harmonisation and joint programming among donors; clear identification of capacity-building needs and preferred assistance modalities; and commitment to strengthening country systems and using them for ODA delivery. The primary function of the Partnership Groups should be to agree on a strategic approach to developing and implementing PBAs.

2. **Improve Country Leadership of Capacity Building.** GoV needs to place greater priority on diagnosing its own capacity-building needs, developing its capacity-building strategies and providing donors clear guidance on preferred support modalities. GoV and donors should agree on a comprehensive approach to capacity building, as required under the HCS, and on practical measures to

strengthen country leadership of capacity-building support. It is recommended that this issue be addressed in detail in the next round of independent monitoring.

3. **Bring Country Systems up to International Standards.** In the remaining period before Vietnam reaches MIC status, GoV and donors should intensify their efforts to create a common legal and institutional framework for public-investment management, for both ODA and national resources. This would improve project implementation rates, and ensure that capacity developed within ODA projects supports all development expenditure. Donors should make clear commitments to using country systems for ODA delivery once specific reform targets and capacity levels are achieved, based on objective assessment tools. GoV needs to consider whether there is scope to accelerate progress by improving its management of the reform process.

4. **Phase out Parallel PMUs and Additional Financial Incentives.** Parallel ODA structures compromise sustainability and distort resource allocation. Donors need to make a clear commitment, not merely to avoiding parallel structures and financial incentives for new projects, but also to phasing them out for existing projects. This will entail some careful change management, including additional capacity-building support to assist GoV with the integration of existing projects. GoV and donors should jointly develop a road map for accomplishing this.

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