

# The Evaluation of the Paris Declaration

Phase 2

Final  
Report



**THE EVALUATION OF THE  
PARIS DECLARATION**

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

# THE EVALUATION OF THE PARIS DECLARATION

## PHASE 2

## FINAL REPORT

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May 2011



# Preface

**T**he Paris Declaration on Aid Effectiveness 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, the Declaration 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 endorsing the joint commitments contained in the Declaration is unprecedented and reflects 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 this 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 this assessment the evaluation has been carried out in two phases:

The first phase of the evaluation was 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. It was completed in 2008 and contributed constructively to the ongoing aid effectiveness policy debates and, in particular, to the 3rd High Level Forum on Aid Effectiveness in Accra, Ghana in September 2008.

The second phase, conducted with the purpose of assessing the Declaration's contribution to aid effectiveness and development results, comprises 22 country level evaluations<sup>1</sup> which were designed within a common evaluation framework to ensure comparability of findings across countries while

allowing flexibility for country specific interests. Each of these evaluations was conducted by independent evaluation teams managed by the respective partner country.

The country level evaluations are supplemented by seven donor and multilateral development agency studies<sup>2</sup> which assessed how the Paris Declaration is represented in the policies, strategies and procedures of these donors and agencies. The studies mainly consisted of document reviews supplemented by interviews with key actors at headquarters level and in field offices. The studies were conducted by independent teams managed by the respective agencies' evaluation departments.

The full texts of the country and donor reports are included in the attached DVD which also contains a number of video clips illustrating the implementation of the Paris Declaration.

In addition several thematic studies were commissioned covering diverse subjects such as the Developmental Effects of Untying of Aid, Support to Statistical Capacity Building, the Applicability of the Paris Declaration in Fragile Situations, Development Sources beyond the Current Reach of the Paris Declaration and the Relationship between the Paris Declaration, Aid Effectiveness and Development Effectiveness. The latter theoretical study contributed to the basis for the design of the second phase of the evaluation of the Paris Declaration.

The present report provides the synthesis of all component evaluations and thematic studies. It has been prepared by a team of independent evaluators comprising Bernard Wood, Canada (Team Leader), Julia Betts, UK; Florence Etta, Nigeria; Julian Gayfer, UK; Dorte Kabell, Denmark; Naomi Ngwira, Malawi; Francisco Sagasti, Peru; and Mallika Samaranayake, Sri Lanka.

Guidance to the evaluation has been provided by an International Reference Group comprising representatives from the participating partner countries – principally the members of

<sup>1</sup> Seven of these countries also participated in the first phase.

<sup>2</sup> In addition to the 11 studies carried out in the first phase.

the OECD/DAC Working Party on Aid Effectiveness; members of the OECD/DAC Network on Development Evaluation; and representatives of apex civil society organisations. The Reference Group was co-chaired by representatives from Malawi and Sweden and convened four times at milestone moments during the evaluation process. The members of the Reference Group were provided with the opportunity to review and comment on successive drafts of the Final Report.

The Reference Group appointed a small Management Group<sup>3</sup> tasked with oversight of the evaluation process. The Management Group was co-chaired by representatives of the Netherlands and Vietnam.

Day-to-day coordination and management of the evaluation was entrusted to a small secretariat hosted by the Danish Institute for International Studies in Copenhagen, Denmark.

The Synthesis Team took guidance from the Management Group regarding such issues as interpretation of Terms of Reference for the evaluation and operational and budgetary matters. As directed in its mandate, the Team gave full consideration and response to substantive comments from both the Reference Group and the Management Group; however the responsibility for the content of this independent final report is solely that of the Team.

The Final Report was peer reviewed for quality, strategic and policy relevance and the communicative power by Mary Chinery-Hesse, Member of the African Union Panel of the Wise, and Former Chief Advisor to the President of Ghana and Lord Mark Malloch-Brown, former Administrator of UNDP and former Minister, UK.

An independent audit of the evaluation's quality was undertaken by Dr. Michael Quinn Patton, faculty member of The Evaluator's Institute, The George Washington University, and former president of the American Evaluation Association. The Audit Statement is included in this report.

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 jointly undertaken 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 in the countries and agencies that participated.

The 4<sup>th</sup> High Level Forum on Aid Effectiveness, which is to meet in Korea at the end of 2011, will take stock of the results of implementing the Paris Declaration and chart the course ahead for aid effectiveness. This Final Report in combination with country evaluation reports and donor studies is expected to have wide and ongoing uses in individual countries and internationally both before and after that Forum.

The Report is intentionally jargon-free, with clear, succinct and direct key messages couched in language that recognizes that positive change and aid management reform will be effectively driven only by political commitment rather than technocratic fixes.

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.

Signed:

 Sandra Alzate Cifuentes Colombia	 Twaib Ali Malawi	 Ted Kliet (co-chair) The Netherlands
 Joakim Molander Sweden	 Peter Davis USA	 Cao Manh Cuong (co-chair) Vietnam
 Niels Dabelstein (Secretariat)		

<sup>3</sup> The Management Group comprises: Mr Twaib Ali, Assistant Director, Ministry of Finance, Malawi; Ms Sandra Alzate Cifuentes, Director of International Cooperation, Presidential Agency for Social Action and International Cooperation, Colombia; Mr Cao Manh Cuong, Deputy Director General, Ministry of Planning and Investment, Vietnam; Mr Niels Dabelstein, Secretariat for the Evaluation of the Paris Declaration, Denmark; Mr Peter Davis, Coordinator Planning and Performance Management in the, Office of Director of US Foreign Assistance, Department of State/USAID; Mr Ted Kliet, Senior Evaluation Officer, Policy and Operations Evaluation Department, Ministry of Foreign Affairs, The Netherlands; Mr Joakim Molander, Director, Department for Evaluation, Sida, Sweden.



THE TRACHTENBERG SCHOOL OF PUBLIC POLICY AND PUBLIC ADMINISTRATION



The Evaluators' Institute

May, 2011

## An Independent Audit of the Evaluation

Readers and users of this Evaluation Report on the Paris Declaration and Aid Effectiveness may wonder, quite naturally, whether the findings can be trusted, whether the evaluation was conducted independently, and whether the evaluation process was rigorous. Just as an independent auditor's review is essential in establishing the credibility of corporate financial information to investors, stockholders and the general public, this audit of the Synthesis Evaluation speaks to the credibility of this report for intended users, policy makers, international aid stakeholders, and the global public. Given the importance of the Evaluation of the Implementation of the Paris Declaration, the Management Group commissioned this independent assessment of the evaluation. Indeed, it has become a standard in major high-stakes evaluations of this kind to commission an independent review to determine whether the evaluation meets generally accepted international standards of quality.

Prior to undertaking this review, I had no prior relationship with any members of the Management Group or the Core Evaluation Team. My associate and I had complete and unfettered access to any and all evaluation documents and data, and to all members of the International Reference Group, the Management group, and the Core Evaluation Team. Our responsibility is to express an opinion on the quality of the Synthesis Evaluation.

Our audit included reviewing data collection instruments, templates, and processes; reviewing the partner country and donors evaluation reports on which the synthesis is based; directly observing two meetings of the International Reference Group where the evidence was examined and the conclusions revised accordingly; surveying participants in the evaluation process and interviewing key people involved in and knowledgeable about how the evaluation was conducted. The evaluation audit includes assessing both the report's findings and the technical appendix that details how findings were generated.

In our opinion, the findings and conclusions generated adhere closely and rigorously to the evaluation evidence collected. Obtaining high quality evidence and thoughtfully analyzing that evidence was the constant theme of the evaluation. Both strengths and weaknesses in the evaluation are appropriately acknowledged. The comprehensive Technical Annex accurately describes data collection and analysis approaches. Partner country and donor evaluation reports, upon which the Synthesis Evaluation is based, were openly and transparently shared with the International Reference Group to allow peer review and make visible both strengths and limitations in those reports. Partner country reports were screened for adherence to quality standards with particular attention to the strength of evidence to support conclusions reached.

Those countries and donors that undertook this voluntary evaluation of the implementation of the Paris Declaration have engaged in systematic and in-depth reflection and evidence-based processes that make their conclusions and insights worthy of serious attention. The Final Report accurately captures those evidence-based conclusions and insights.

In our opinion, the Synthesis Report can be trusted as independent, evidence-based, and adhering to international standards for quality evaluation. Notwithstanding inevitable limitations inherent in such a complex and comprehensive evaluation initiative, the findings can be studied and used as trustworthy and credible.

Michael Quinn Patton, Ph. D.  
Independent Evaluator and Faculty,  
*The Evaluators' Institute*



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# Acknowledgements

At times, work like this Evaluation can seem far removed from the front lines of development, where poor people are struggling to improve their lives and dedicated national and international supporters are constantly searching for the best ways to reinforce their efforts. The national and international evaluation teams have never lost sight of these ultimate stakes, and must first acknowledge the efforts of those on the front lines as the source and purpose of our own work.

As the Synthesis Report and its Technical Annex show, this large and complex joint international evaluation has been a fully transparent and participatory exercise throughout. The designers and champions of the process deserve great credit for being prepared to act in the spirit of the Paris Declaration ideals. There is ample evidence that the participants have invested and benefited greatly, learning and building together. The intensive collaboration has extended from the earliest design and regional workshops all the way through to the final improvements on this Synthesis Report.

The governance structures for the Evaluation have been made up mainly of National Coordinators and Reference Groups. For most of them their responsibilities for this work have been additions to their many other tasks. They have had to steer through difficult challenges in order to make the work possible and ensure its integrity and independence. Without them, the Evaluation could not have been completed, and the results would not already be in use to strengthen their countries' and agencies' performance.

The independent evaluation teams at national and donor agency levels have had to cope with complicated tasks and in some cases severe time pressures to complete unusually demanding evaluations and studies. For the international Core Team, it has been motivating and instructive to work with these fellow professionals around the world in this extraordinary endeavour.

At the centre of this far-flung and ambitious Evaluation, a committed and balanced Management Group and skilled Secretariat have been essential to ensure, on behalf of the whole International Reference Group, that the Evaluation and Core Team's work were properly completed within the time and resources allocated. The Team wishes to thank these busy people for their demanding, but always constructive and thoughtful handling of these responsibilities, not least in arranging for the additional insights of the independent reviewers of the evaluation process that have enriched our own experience.

Overall, the tasks of the Core Team for Phase 2 have been stimulating and often taxing for extended periods. We want to thank our colleagues, especially Marika Weinhardt and Ronnie MacPherson for their excellent support and our respective families for their remarkable understanding, patience and support throughout.

The Core Evaluation Team



## A Note on Terminology

The terms “aid” and “donor” are still the ones commonly understood and used in most discussions of development assistance. This is the case even though few are comfortable with the connotations that may be implied by the terms. Nonetheless, these terms remain crucial for this Evaluation, both because they are the operative ones applied in the Paris and Accra documents, and because they need to be revisited here, as part of the assessment of the changing world of development cooperation. For the purposes of this Report, “countries” or “partner countries” will refer to the countries receiving aid, and “donors” or “donors/agencies” will usually be used to signify those countries and multilateral agencies providing aid. In place of these, many component studies use aspirational terms such as “development partners” or in French, a better formulation as “financial and technical partners,” but the repeated use and mixing of these terms becomes tedious and confusing. Other partners, such as non-governmental organisations and private sector actors, will be specifically identified. For the future, “aid-receivers” and “aid-providers” may be terms that are coming into more general use.

**The Paris Declaration or aid reform “campaign”:** The word ‘campaign’ is used to refer to the wide range of efforts made

by many different actors around the world to achieve the major and difficult objectives of the Paris Declaration over a number of years. In line with the “Mountain” diagram on the “Sources of the Paris Declaration” (Fig. 1, page 2) it is also clear that many strands of aid reforms pre-dated the Declaration, and also that they are not necessarily driven mainly by aid, but also national reform priorities.

**The Paris Declaration “disciplines.”** This Report refers to the Paris Declaration disciplines to reflect that the combination of five guiding principles and 56 commitments to make specific changes must be seen to constitute a set of disciplines accepted by the adherents.

**“Declaration-style” or “Declaration-type” aid:** These terms are used to refer to the types of aid that are generally encouraged by the Paris Declaration – for example, aid that is clearly aligned to country priorities and systems, coordinated by the country and/or provided through harmonised or multi-donor arrangements, untied, predictable and transparent. These terms are used to identify aid since 2000-05 that has become more prevalent since the Paris Declaration, but do not assume that it was necessarily driven by the Declaration.

# Executive Summary

## I. Purpose, Background and Approach

**T**he Paris Declaration on Aid Effectiveness,<sup>4</sup> endorsed in 2005, is a landmark international agreement and programme of reform – the culmination of several decades of attempts to improve the quality of aid and its impacts on development. This Report is an independent global evaluation of these efforts to improve the effectiveness of international aid, especially since 2005.

The Evaluation results – findings, conclusions and recommendations – are aimed at government ministers, legislators, aid administrators and other specialised users, as well as to wider publics with an interest in development and aid. The Evaluation is important both for accountability and to point the way for future improvements. The underlying stakes are huge: better lives for billions of people (reflected in the approaching Millennium Development Goals for 2015); hundreds of billions of dollars expended; vital international relationships; and growing demands to see results from development aid.

As a fully joint Evaluation, this has been a major international effort in itself, comprising more than 50 studies in 22 partner countries and across 18 donor agencies, as well as several studies on special themes. It has taken place over four years, in two phases between 2007 and 2011. The overall results are distilled in this Synthesis Report, but the underlying studies are also vital references for both national and international audiences.

The Evaluation responds to three main questions:

1. What are the factors that have shaped and limited the implementation of the Declaration reforms and their effects? (The Paris Declaration in Context)
2. What improvements have been made in aid effectiveness as targeted in the Declaration? (Contributions to Aid Effectiveness)
3. What contributions have improvements in aid effectiveness made to sustainable development results? (Contributions to Development Results)



*Methodology*<sup>5</sup>. The Evaluation analyses whether and how the commitments, actors and incentives brought together by the Declaration and the Accra Agenda for Action<sup>6</sup> have delivered their statement of intent. It traces the logic of how the Declaration is supposed to work and illustrates the complex pathways from development objectives to results. This highlighted the other powerful influences at work in the development process, and the realistic limits on the role of aid. Recognising that development is a journey, the methodology focuses on assessing the *direction of travel* on each key point, and the *pace and distance* travelled so far. Multiple sources of evidence and techniques – mainly qualitative but also drawing upon reliable quantitative data, where available – were used to provide and validate answers and to reach judgements.

*Limitations*. There have been special challenges in evaluating the effects of a wide-ranging initiative like the Declaration, and the Evaluation acknowledges several limitations. These include:

- the unusual type of evaluation object;
- the broad and complex goals of the Declaration and the wide variety of contexts and actors involved;
- the limited time since the Declaration was endorsed in 2005, especially to trace results for development;
- the voluntary nature of participation in the evaluations and studies;
- the less in-depth coverage of donor/agency performance than in the country evaluations; and

<sup>5</sup> See Annex 5 (the Technical Annex to the Synthesis Report) for a full discussion of the methodology applied.

<sup>6</sup> The Accra High Level Forum in 2008 adopted an Agenda for Action to accelerate progress toward the Declaration objectives, and strengthened or sharpened a number of its commitments and areas of work.

<sup>4</sup> Hereafter referred to as the 'Declaration'.

- the uneven use of standard sets of data sources or rating scales.

In almost every area, the results are varied across countries and donors/agencies. Given a topic as challenging and diverse as this, no synthesis could hope to capture the full wealth of information, insights and assessments in the individual reports on which it is based. The individual evaluation processes are already contributing to aid reforms in the countries and agencies where they have been conducted. The detailed findings, conclusions and recommendations of these individual reports also merit wide national and international attention. Their executive summaries are annexed to this Report, and the full texts are available on the enclosed DVD-ROM.

## II. Main Findings

### 1. The Declaration in Context

*The Declaration has proved relevant to many different countries and donors/agencies. All were already engaged in aid reforms before 2005, but to differing degrees. The Evaluation highlights the main political, economic and bureaucratic influences that have shaped and limited implementation. One challenge to the relevance of the Declaration campaign<sup>7</sup> was that it was initially interpreted and applied as a technical, bureaucratic process, and risked losing the political and wider societal engagement needed to bring change. It has also had to grapple with how to define and measure 'aid' in a rapidly changing world.*

As recent global events have highlighted, recession, financial, food, fuel or other crises and major disasters can have dramatic effects on international cooperation and reform processes. But even in 'normal' times, in every aid-receiving and donor country, aid programmes are subject to different influences, actors, forces and events that are more powerful than the direct objectives, interests and resources of aid programmes themselves. Adding to the range of differences, there is no single way of assessing a country's relative reliance or 'dependency' on aid. The effects of these diverse contexts emerge repeatedly in the individual reports within the Evaluation, together with larger questions about the changing views of the nature and the importance of aid itself.

*Contexts for partner countries.* Country evaluations have found that, with the exception of some 'early starters', the reforms for which partner countries are responsible have been slow to take hold since 2000-05, but have now done so in most cases. The Evaluation finds that countries have employed and embedded the Declaration-style improvements, not just to manage aid better but because they serve the countries' national needs, for example to introduce better financial management, public procurement or accountability. The momentum of change has been sufficiently resilient to hold up through political changes and crises of various kinds.

<sup>7</sup> The word 'campaign' is used here advisedly, implying a sustained and concerted effort to achieve major and difficult objectives.

*Contexts for donor countries.* In comparison with partner countries, the aid reform changes asked of donor countries under the Declaration are less demanding and the donors' capacities for implementing change are greater. But development aid and aid reform have to compete for political and public attention with an even wider range of domestic and international issues in donor countries, making it harder to muster the necessary political, bureaucratic and public attention and support. Some key constraints found in the donor and agency institutional studies were: a lack of coherent policies or structures; a focus on compliance and a risk-averse culture; the over-centralisation of many donors' and agencies' systems and decisions running counter to alignment with country systems; disconnects between corporate strategies and the aid effectiveness agenda and weak organisational incentives; changes in organisational status or headquarters location; capacity constraints and staff reductions; and delayed organisational reforms and budgetary pressures arising from the financial crisis.

### 2. Contributions to Aid Effectiveness

To determine whether aid effectiveness has been improved, the Evaluation has assessed the progress made against the 11 intended outcomes that were specified in the opening paragraphs of the Declaration itself as solutions to the main problems with aid. The record of progress on each of these changes, how difficult they are and who is mainly responsible is provided in Chapter 3 and summarised in Figure 5. Overall, the Declaration campaign has made several significant<sup>8</sup> differences to aid effectiveness by clarifying and strengthening norms of good practice, contributing to movement toward the 11 outcomes set in 2005, improving the quality of aid partnerships, and supporting rising aid volumes.

The Declaration has pulled together and focused global attention on ambitious, experience-based measures to improve development cooperation and aid. It addresses a range of problems that were 50 years in the making, and holds out a vision of much better conditions for aid and ultimately for development without aid. While recognising that the challenges could not all be rapidly resolved, it has focused on a very short, five-year time frame for measurable or visible improvements. Not all of these targets were realistic, or even reliably measurable, but the Evaluation finds that its principles and commitments have been applied, if gradually and unevenly, among partner countries and more unevenly among donors and agencies.

In a changing world of development cooperation, the specific importance of 'aid' and better aid has been clarified. Even with an understanding of the other influences that shape development, the complexities involved in managing and improving aid relationships, and the availability of other forms and sources of development resources, an unprecedented number of partner countries and donors/agencies have been prepared to invest substantial efforts in improvement.

<sup>8</sup> The term 'significant' is used to mean definite and verifiable, but not necessarily major, effects.

The Declaration campaign has made several specific differences, for example by:

- clarifying and strengthening good practice in aid relationships and thus legitimising and reinforcing higher mutual expectations;
- contributing to movement, although sometimes slow and modest, towards most of the 11 outcomes set out in 2005, and in the process making some contributions to better development results;
- playing a role, probably in combination with the awareness-raising effects of the Millennium Development Goals, in supporting rising aid volumes; and
- improving the quality of a number of aid partnerships, based on strengthening levels of transparency, trust and partner country ownership.

### Aid Effectiveness – Three major yardsticks of change

The Declaration was aimed at improving effectiveness in three areas: the efficiency of aid delivery, the management and use of aid, and better partnerships.

Overall, the picture on **efficiency** gains is mixed, but so far disappointing in relation to the original hopes of rapidly reduced burdens in managing aid. There has been generally little reduction to date in those burdens where Declaration-style cooperation has been applied – and even increased loads are noted in a few cases. At the same time, many Declaration-style mechanisms and practices are allowing for a much better overview of aid by the partner country and donors. When matched by sufficiently robust country systems, they have increased the country ability to handle more strategic support, particularly at the sectoral level.

While progress is slow and uneven, the **management and use of aid** has improved in the countries studied, especially in relation to the pre-Declaration situation, and Declaration-style aid appears to have made significant contributions to that change. Global programmes are found to be still mainly insufficiently integrated with other processes, but in some cases considered to be delivering stronger development results.

In terms of **building more inclusive and effective partnerships for development**, aggregate standards are rising. The Declaration has placed an explicit focus on aid relationships, and opened up important dialogues about partnerships themselves – between countries and donors, among donors, and with other stakeholders, rather than just the technical or financing aspects of managing aid. A number of clear practical benefits are already being felt.

*For partner countries.* The changes expected have been more demanding than those expected of donors/agencies.

Despite this, most partner countries evaluated have now embedded many of these change processes, not just to manage aid better but because they serve the countries' national needs. The complex, long-term challenges of capacity development are the most important constraints for most countries, and these do not allow for 'quick fixes' or bureaucratically engineered solutions. However, partner countries can do more to identify priorities for strengthening capacities in targeted areas. Donors and agencies in turn can do more to support those priorities in coordinated ways, to strengthen country systems by using them and to reduce donor practices that undermine the development of sustainable capacity.

*For donors and agencies.* With a number of striking exceptions, donors and agencies have so far demonstrated less commitment than partner countries to making the necessary changes in their own systems. Some have been too uncoordinated and risk averse to play their expected proactive part in the relationship. Most have set high levels of partner country compliance as preconditions for their own reforms rather than moving together reciprocally and managing and sharing risks realistically. Peer pressure and collective donor action are not yet embedded in many donor country systems, so that they are left vulnerable to uninformed policy changes, for example when governments or ministers change.

The country reports often point to the greater freedom of multilateral agencies to apply some good practices – for example in making multi-year aid commitments – and the relative insulation of these agencies from short-term political pressures. Overall, however, the Evaluation had only limited multilateral participation.<sup>9</sup> Consequently, it cannot assess systematically the relative performance of multilateral agencies in implementing the Declaration and improved aid practices.

### 3. Contributions to Development Results

The Evaluation concentrated on assessing the possible contributions of aid reforms to sustainable development in four areas: in specific sectors (particularly in health, the common study sector for the country evaluations); in giving priority to the needs of the poorest; in strengthening institutional capacities and social capital; and in improving the mix of aid modalities.

Significant positive contributions can be traced, particularly in the case studies in the health sector, to more focused aid efforts and better development results. The pathways for these contributions are indirect but clear. In other areas assessed

<sup>9</sup> The UN Development Group and the Asian Development Bank participated with institutional studies in Phase 1, and the African Development Bank in Phase 2. The Asian Development Bank also produced a substantial update report for Phase 2. The fact that the world's largest aid agency – the World Bank – and the European Commission did not participate directly in the Evaluation leaves large gaps in independent comparative assessment.



– such as giving higher priority to the needs of the poorest  
– aid and aid reform have been able to make little difference to development gains in the face of powerful obstacles. A number of the gains made are likely to be sustainable, while others remain fragile.

A strong cross section of the country evaluations found evidence that Declaration type measures, launched either before or since 2005, but reinforced since then, have contributed to more focused, efficient and collaborative aid efforts, particularly at the sectoral level. These evaluations then found plausible evidence that those efforts had already contributed to better development results, with good prospects of being sustainable. The strongest evidence of this effect is in the health sector, examined in most depth in the country evaluations. Beyond this ‘tracer’ sector, this Evaluation does not have sufficient evidence to track contributions of aid reforms to wider development results such as accelerating achievement of the other Millennium Development Goals.

Although insufficient capacity remains a formidable obstacle in many countries and aid could help more than it does, there is evidence that aid and aid reform have made at least some contributions to the long-term strengthening both of institutional capacities for development and of social capital.

On the whole, there has been little progress in most countries in giving greater priority to the needs of the poorest people, particularly women and girls. However, there is evidence of some positive contributions by aid and some value added by reforms and Declaration-style operations since 2000-05. This disconnect drives home the essential precondition of a powerful and sustained national commitment to change. Without this in place, aid and aid reforms are limited in their capacity to address entrenched inequalities.

A wider range of options and innovations with aid modalities, particularly more joint donor support at the sectoral level, has improved actual or potential contributions to development results in half the evaluation countries since 2000-05. However, the Evaluation shows that no single modality (e.g. budget or sector support, programmes or projects) will automatically produce better development results, and a mix of aid modalities has continued to make sense for all partner countries and donors.

#### 4. Conclusions

The five principles and 56 commitments in the Declaration, based as they are on the experience of partner countries and donors, have almost all proved relevant to improving the quality of aid and of the partnerships needed to make it work. The ways in which the Declaration has been implemented have sometimes strained its relevance, but it remains unbroken, and has shown the resilience to withstand considerable change and turbulence. A number of shortcomings and unin-

tended effects of the Declaration approach have been identified<sup>10</sup> and reflected in recommendations for future action.

Compared with the aid situation 20 to 25 years ago current practice presents a global picture of far greater transparency and far less donor-driven aid today. The ‘free-for-all’ of competitive, uncoordinated and donor-driven activities that were commonplace at that time are now unusual enough to attract rapid attention and criticism. Comparing with the immediate pre-2005 situation, the Declaration campaign has disseminated commitments and instruments for reform which were previously being developed and tested in a fragmentary way. The Declaration has raised expectations for rapid change, perhaps unrealistically, but also strengthened agreed norms and standards of better practice and partnership. There is ample evidence here that these standards have been used to reinforce or legitimise demands – especially from partner countries – that good practice be observed. There is no going back – expectations are more likely to keep rising than to diminish – so that the standard expected has permanently been raised for all engaged in development cooperation.

Overall the Evaluation finds that of the five principles, country ownership has advanced farthest, with alignment and harmonisation progressing more unevenly, and managing for development results and mutual accountability advancing least. The implications of this pattern are reflected in the key recommendations.

The Evaluation concludes that the changes made by the Declaration have not yet reduced the overall burdens of aid management as hoped. However, they have contributed to a better quality of aid, to more transparent and effective partnerships, and to supporting rising volumes of aid. Those cases identified where management burdens have been increased by introducing Declaration-style aid such as multi-donor funds do not outweigh these wider benefits.

In contrast with improvements in aid covered by the Declaration, the Evaluation finds a critical lack of transparency and of reliable data on many of the other forms and flows of cooperation beyond the current scope of the Declaration. With these actors disbursing about one-quarter<sup>11</sup> as much aid as OECD/DAC donors, currently, the major advances in the Declaration and Accra Agenda which address transparency, aid effectiveness criteria and mutual accountability need to be applied and advanced to include them or the benefits of reform to partner countries will be greatly reduced.

<sup>10</sup> These include: its interpretation and use mainly as a ‘technical’ and ‘process-oriented’ bureaucracy-to-bureaucracy agreement; an excessive focus on the 12 selected ‘indicators of progress’ for the Monitoring Survey; the demands of the international superstructure and the associated risks of ‘aid reform fatigue’; and the misplaced perception of a Declaration ‘formula’ or model, which has constrained adaptation to different country situations and priorities.

<sup>11</sup> Using a generic definition of development aid to distinguish it from other forms of commercial, political or military support.

Assumptions about the potential role of aid remain exaggerated, particularly in donor countries. Expectations for rapid, fundamental reforms by partner countries have also been unrealistic and unreasonable, especially alongside the record of most donors and agencies. A wider perspective and a sense of proportion will be needed to carry aid effectiveness reforms to their full potential. Both partner countries and donors will also need to foster and harness better the many more powerful forces and policies for development that lie beyond the realm of aid.

## 5. Key Recommendations

The overall and detailed findings and conclusions in this Synthesis Report open up many possible ideas for further improving aid effectiveness, drawn from the experience of implementing the Paris Declaration. This chapter highlights the most important recommendations emerging for the main stakeholders, together with the brief rationale and basis for them. A number of these main recommendations are clearly not new – some are both familiar and seemingly obvious. These key political actions must be pressed again – simply and starkly – both because they are so important and because they are also areas where donors and/or partner countries have so far failed to meet their firm Paris and Accra commitments.

*Relevance to other actors not specifically addressed below:* The main focus in this Evaluation has been on aid reform actions since 2000-05 by partner countries and donors and agencies which had endorsed the Paris Declaration in those capacities. At the same time, the country evaluations and other work have re-confirmed the conclusions of the Accra High Level Forum about the importance of the roles in development and aid of a growing number of other actors and types of cooperation.

Furthermore, important evidence has emerged in the Evaluation on the work of: national and international civil society organisations; providers of concessional finance that have not yet endorsed the Declaration in that capacity (governments, global programmes, and private sector actors); as well as participants in regional, South-South, triangular and other forms of development cooperation, including investment, which may or may not involve concessional resource transfers. Several of these groups of actors have been engaged in parallel effectiveness efforts, and in the case of civil society organisations, have undertaken to report at the Busan Forum. It would greatly enhance the value of this global forum if others were to participate fully as well.

In the meantime, while it is beyond the mandate of this Evaluation to recommend specific actions to these other groups, it is important to stress that the evidence strongly indicates that all the recommendations below are relevant to all other actors. They will bring their own perspectives and experience to any wider global discussions, but the evidence is clear that without their engagement and cooperation, the benefits of aid and aid reforms to developing countries will be reduced. There are also some important areas identified where their own work would clearly benefit from the recommendations emerging from this Evaluation.

### ***To policymakers in both partner countries and donor countries and agencies***

#### ***Recommendation 1. Make the hard political choices and follow through***

The High Level Forum in Korea needs to find innovative ways to re-enlist and maintain high level political engagement to take stock of experience, resolve hard issues and set future directions.

The Evaluation has repeatedly found that the key driver for successful reform in countries and donor agencies has been high level political engagement and support. Its absence may be one of the crucial reasons for lagging progress elsewhere. The agenda for the Busan High Level Forum needs to be non-bureaucratic and focused on political choices to attract and engage both experienced and new leaders, including those from countries and agencies not yet part of the Declaration coalition. It also needs to launch innovative ways of maintaining stronger political engagement between Forums in the continuing reform work on the ground.

#### ***Recommendation 2. Focus on transparency, mutual accountability and shared risk management***

The next phase of reforms to strengthen the effectiveness of aid should build on the gains of the Paris Declaration campaign and learn from it by going beyond the global banner of the 'grand declaration' to concentrate on the most needed changes:

- deepening adherence to the principles of country ownership, alignment and harmonisation of donor support, and transparency and mutual accountability in tracking and achieving results;
- adding 'shared risk management' to this framework of principles; and
- focusing mainly on country-led, coordinated action on the ground.

Transparency has emerged repeatedly throughout the Evaluation as the indispensable foundation for effectiveness and mutual accountability. Adding shared risk management as a guiding principle will openly acknowledge that there are many uncertainties and risks in development and in partnerships. It will also express a mutual commitment to confront and manage risks and disagreements jointly, in the spirit of a mature partnership. Managing for development results should be further targeted and treated as a set of supporting techniques rather than a separate principle in itself.

#### ***Recommendation 3. Centre and reinforce the aid effectiveness effort in countries***

Leadership in future aid effectiveness efforts needs to be clearly situated and supported at the level of individual partner countries, with stronger country-led mechanisms and

independent facilitation as a widely used option. At the international level, the superstructure of standard setting, analysis, reporting and monitoring on aid effectiveness needs to be less onerous and more directly useful.

The dominant findings of this Evaluation are that the main aid reform principles and commitments of the Declaration are applicable to all forms of international aid, but that the weighting, priorities and timeframes for different reforms need to be adapted to the wide diversity of situations found in different countries. Development cooperation and aid reforms now need to return to their foundations, and re-apply their focus at the country level, taking the next step from the top-down style of much of the reform campaign since 2005. With the weight shifting to partnerships at the country level, the elaborate and demanding work-programme at the international level should be reduced to concentrate on a small number of essential tasks.

This country focus will clearly situate and apply aid reforms in their real-world context and strengthen ownership, transparency and mutual accountability in their most relevant place. Annual country-level forums, with the participation of all key stakeholders, should be reinforced as the centrepiece of a continuing system of shared information, mutual performance review, wider participation and consultation, commitment to priorities and targets, alignment and harmonisation.

These functions should be backed by countries' own strong mechanisms to track and manage aid partnerships. Key quantitative targets and timeframes for reforms and performance should be selected, set and agreed at the country level. The negotiation of longer-term aid agreements between the partner country and all its donors should follow from these efforts and lead to much-needed improvements in the coordination and predictability of aid.

To help resolve the widespread deficit in mutual accountability and the genuine challenges in making it work, all countries should have the option of calling on independent facilitator/rapporteurs to monitor and help steer these processes. Objective individuals or small panels could make a major difference, working with the country participants and the donor community, drawing on the norms of good practice and providing their independent input to the annual forums and international reporting systems to support stronger mutual accountability.

***Recommendation 4. Work to extend the aid reform gains to all forms of development cooperation***

The unprecedented coalition in the international campaign for more effective aid and the most important improvements achieved need to be further widened to engage other forms of aid and other actors with their own approaches and innovations. This includes cooperation in fragile and humanitarian situations, new forms of support such as climate change financing,

and the concessional development cooperation of providers now working outside the Declaration framework and parts of civil society, regional, South-South and 'triangular' cooperation.

Not all the new or growing forms of development cooperation have an aid component, and the proven norms should not be over-extended or watered down to try to go beyond aid. But, with a modest number of refinements and adaptations where they are shown to be needed, almost all of the 56 commitments of the Declaration have proven valid and useful as basic norms and disciplines<sup>12</sup> in virtually all forms of international support for development that have a concessional or grant element.

***Recommendation 5. Reinforce the improved international partnerships in the next phase of reforms***

For the future, it will be vital to build upon the important advances that have been made at the international level through purpose-built joint partnership mechanisms between partner countries and donors to pursue the Paris Declaration reform campaign. There must also be sufficient international processes and accountability requirements for continuing improvements.

For any new international processes for future aid effectiveness efforts, the key foundation must be a firm base of transparency on all financing and activities at both the international and national levels. With the proposed sharper focus on action in partnerships at the country level, the most important *international* need will be for more common purpose and demanding expectations on providers of aid, whose activities span many different countries.

***To policymakers in partner countries***

***Recommendation 6. Take full leadership and responsibility at home for further aid reforms in their own countries***

Partner countries need to take on the full leadership and responsibility for further improvement in aid effectiveness in their own countries. This should be built on consistent engagement at senior political levels, stronger in-country machinery for engaging and coordinating donors with a clear option of involving independent facilitator/rapporteurs to help monitor progress and support mutual accountability.

A solid focus on aid reform at the country level, where the most relevant reforms for the country's own needs and capacities can be emphasised, is likely to lead to more effective aid and increased chances of better development results. All the stakeholders, including legislatures, civil society and the private sector, can be more involved. The evidence is that most donors and agencies endorsing the Declaration will be prepared to rally behind clear country leadership, although

<sup>12</sup> This Report refers to the Paris Declaration disciplines to reflect that the combination of five guiding principles and 56 commitments to make specific changes must be seen to constitute a set of disciplines accepted by the adherents.

some of their systems are not yet equipped to field the necessary authority, expertise and continuity on the ground. An aid effectiveness system more grounded in countries will need to work for much stronger standards and arrangements for mutual accountability for performance and commitments. Due to the asymmetrical and complex relationships of an aid-receiving country dealing with multiple donors and agencies on difficult issues, there may often be a role for an objective third party to help facilitate the relationships and the processes at key points. Such arrangements have been used to good effect in the past. This is the rationale for the recommendation that all countries have the option of calling on independent facilitator/rapporteurs to monitor and facilitate these aid management and reform processes.

***Recommendation 7. Set strategies and priorities for strengthening capacities***

Most partner countries need to craft workable strategies for further strengthening the capacities to carry through their most essential public policies and operations. This would produce clearer priorities to steer the donor support that is pledged for this purpose.

The Evaluation has found that capacity constraints are the most prevalent source of difficulties in completing aid reforms and, even more important, for carrying out the essential functions that aid is intended to support. 'Capacity development' has been recognised as an urgent priority for decades, but progress has mostly been slow and difficult. It is ultimately a complex, organic and long-term set of processes, not an area for 'quick fixes' or bureaucratically engineered solutions. The Evaluation has seen instances of promising steps but there is no model solution in sight. In addition to the many other efforts that countries have under way, the Evaluation found a widespread need for countries to set out some key priorities for support to strengthen their own capacities. This is also a pre-requisite for securing the increased and better-coordinated support that donors have promised.

***Recommendation 8. Intensify the political priority and concrete actions to combat poverty, exclusion and corruption***

Many partner country governments need to devote higher political priority and more focused action to further reducing the most stubborn development challenges of poverty, exclusion and corruption. The Evaluation has confirmed – in assessing the recent record of aid to the poorest, and particularly women and girls – that even the best of aid and aid reforms can only encourage and reinforce, but not replace, strong and effective national commitment and action.

Meanwhile, the cancer of corruption, present everywhere in the world, is the focus of steadily growing public knowledge and anger in most countries. In spite of a broad wave of initial plans and measures, it continues to frustrate the best intentions and objectives of more effective aid and limit the poten-

tial for better partnerships. These objectives are first and foremost important to countries themselves, but they are also the subject of firm international obligations and re-commitment in the Accra Agenda. At the same time, they are fundamental to aid and cooperation relationships and to confidence and support among populations.

Together with the policies and concrete actions needed, the handling of these issues will benefit from a redoubling of effort in transparency, more country-centred dialogue on aid management, and more open approaches to mutual accountability and risk management.

***For policymakers in donor countries***

***Recommendation 9. Match the crucial global stakes in aid and reform with better delivery on promises made***

Most donor countries and agencies, at a top political level, need to face up to and rectify the gaps between on the one hand their high stakes in aid programmes and in the historic compact to improve them and on the other hand a slow and wavering record of reform.

The Declaration compact has been a major step towards tackling longstanding problems in aid and giving new impetus to helping the world's poor build better lives. Promising a new spirit of partnership to pursue the Millennium Development Goals, it has attracted global attention and stirred expectations of important improvements in 'North-South' relations. As the Evaluation has found, most partner countries have slowly but surely started making the changes to keep their more difficult side of the aid reform bargain. Moreover a number of donor countries – all with their own political, institutional, and administrative constraints – have also shown that obstacles can be overcome when sufficient political priority is invested and public understanding and support enlisted.

With the high geo-political stakes involved, and the shared political commitments that have been made, it is urgent that all donor governments find ways to overcome the internal institutional or administrative obstacles slowing their aid reforms. It has been shown that with political determination even constraints such as standard governmental budgetary, audit or staffing requirements can be adapted to respond to the different requirements of effective work in development cooperation. The Declaration compact was premised from the start on an expectation of coordinated and harmonised action by donors to follow and support the lead of partner countries. Without this, the consensus will fray, the momentum will be lost and an historic opportunity will slip away.

***Recommendation 10. Face up to and manage risks honestly, admit failures***

Donor governments need to acknowledge frankly that development and development aid are inherently uncertain and

risky and put in place measures to manage risks jointly with partners in the spirit of a mature partnership.

In many donor countries, the period since the Paris Declaration has coincided with intense concerns about accountability for public spending that have at times translated into high levels of risk aversion. These tendencies have hampered good practice and frustrated many of the changes called for in the Declaration. But to try to avoid all risks in development cooperation is to risk irrelevance. There are ways of promoting a realistic public understanding of the uncertainties and risks of development and aid work and how to handle and learn from them. These can include both cutting edge initiatives and the effective use of tools like evaluation. This Evaluation finds further evidence to support the conclusions of other major assessments that the new approaches to development cooperation are in reality no more risky than traditional projects that are tightly controlled by donors, and that there are sound ways of managing the risks in the new models while also enhancing the development benefits.

***Recommendation 11. Intensify peer pressure on 'free-riders' for more balanced donor efforts***

Donor countries and agencies need to harness at a high political level the instruments of constructive peer pressure that were expected in the Declaration to be drivers of better collective performance – a minority of reform-minded donors/agencies cannot hold up the donor side of the compact on their own.

The Evaluation findings suggest that more partner countries can be expected to take the lead in defining their priorities, seeking to align and harmonise different donors' activities,

secure and publish information about aid and strengthen requirements for mutual accountability at the country level. It is clear that some donors and agencies are already working in this mode and supporting its progress. Others are so far less willing or able to do so, resulting in highly uneven performance and an overall collective effort that falls short of the Declaration's agreed vision. At the same time there are impressive examples of partner countries and donors developing a wide variety of coordinated and harmonised support arrangements, and clear potentials for more. Looking toward the High Level Forum – the senior platform and opportunity for mutual accountability on aid effectiveness – it will be important for donors and agencies to use all opportunities for constructive peer pressure to ensure a more balanced and collective response by the donor community in the next phases of aid reform.

## **6. Concluding Message**

This Evaluation – even with its wide and deep participation – is still necessarily selective. It cannot claim to provide the last word in assessing the effects of the Paris Declaration or pointing the way ahead for aid effectiveness. But the Evaluation has found that almost all the 56 commitments in the original Declaration – reinforced by the priorities adopted at the Accra Forum – have been and remain highly relevant for the improvement of development cooperation. That brief list of balanced commitments from 2005, deeply rooted in experience, has sometimes been lost from sight with the focus on broad principles, detailed indicators or emerging trends. But these clear original commitments, which have attracted such unprecedented support, are neither fully implemented nor yet outdated. They still set the standard for the Busan High Level Forum and beyond.





# 1. Introduction: The Purpose and Scope of this Report

**T**his Synthesis Report<sup>13</sup> on the Evaluation offers an independent global assessment of the results of efforts to improve the effectiveness of international aid, especially since 2005. The results are expected to be of interest to ministers, legislators, aid administrators and other specialised users, as well as to wider publics with an interest in development and aid. In a field that is littered with criticisms and proposals, this Evaluation (with its component studies) is intended to bring together many strands and contribute to a more solid foundation for aid, internationally and in individual countries.

The stakes are huge: the critical need for better lives for billions of people (reflected in the approaching Millennium Development Goals for 2015); hundreds of billions of dollars committed to addressing poverty reduction; a web of international relationships; and growing, often sceptical, demands from many sides to see demonstrable results from development aid. The Paris and Accra processes – including their monitoring and evaluation – have themselves required major investments of time, attention and money since 2005. This Evaluation is therefore important both for accountability – assessing the reforms achieved or not achieved – and for learning to guide future improvements.

This Report has two main purposes:

1. to synthesise evaluation results from two phases of voluntary country evaluations and donor/agency institutional studies together with other building blocks of the Evaluation<sup>14</sup>; and
2. to highlight policy-relevant findings, conclusions, possible lessons and recommendations for the key audiences and expected users of the Evaluation results.

<sup>13</sup> It has been prepared by the Core Evaluation Team from IOD PARC ([www.iodparc.com](http://www.iodparc.com)), which has the ultimate responsibility for its contents.

<sup>14</sup> These building blocks are graphically summarised in Figure 4 (page 5). They were identified and agreed in the Evaluation Framework in December 2009.

The High Level Forum on Aid Effectiveness, which is to meet in Korea in December 2011, will take stock of the results and chart the course ahead for aid effectiveness. This Synthesis Report, in combination with country evaluation reports and donor studies, is expected to have wide and ongoing uses in individual countries and internationally both before and after that Forum, in combination with evidence from many other streams of work.

Given its purposes and its intended uses and audiences, this Synthesis Report aims to be succinct, clear, and direct, minimising the use of specialised jargon, acronyms, and methodological discussion. Behind it lie some 60 detailed reports – several thousand pages of evidence – produced through an extensive and systematic joint evaluation process. All sources and steps in the Evaluation have been transparent and all relevant materials are publicly available.<sup>15</sup> The processes for producing the Synthesis Report have also been specified, agreed, tracked and their rigor and quality have been assured and independently reviewed. All the steps in the Evaluation are summarised in the Technical Annex.

The Evaluation results are highly varied across countries and donors in almost every area. No synthesis could hope to capture the full wealth of information, perceptions and insights and the many powerful assessments and examples in the detailed individual reports on which it is based. Each of the individual evaluation processes should already have had major value as a vehicle for reflection and improving aid in its own country or agency, and each of the reports illustrates and tests the overall findings in these unique contexts. Their detailed findings, conclusions and recommendations merit wide national and international attention, and their executive summaries are annexed to this Report. The full texts are available on the enclosed DVD-ROM.

<sup>15</sup> A dedicated page on the website of the Development Assistance Committee of the Organisation for Economic Cooperation and Development has been the depository of record for all documents and processes. It will remain accessible and serve as the most important record of sources for the entire Evaluation.

## 1.1 Brief background: The Paris Declaration and Accra Agenda for Action

The Paris Declaration on Aid Effectiveness,<sup>16</sup> endorsed in 2005,<sup>17</sup> is a landmark international agreement and the culmination of several decades of attempts to improve the quality of aid and its impact on development. It lays out a road-map of 56 practical commitments, based on experience, and organised around five key principles of effective aid:

1. ownership by countries;
2. alignment with countries' strategies, systems and procedures;
3. harmonisation of donors' actions;
4. managing for results; and
5. mutual accountability.

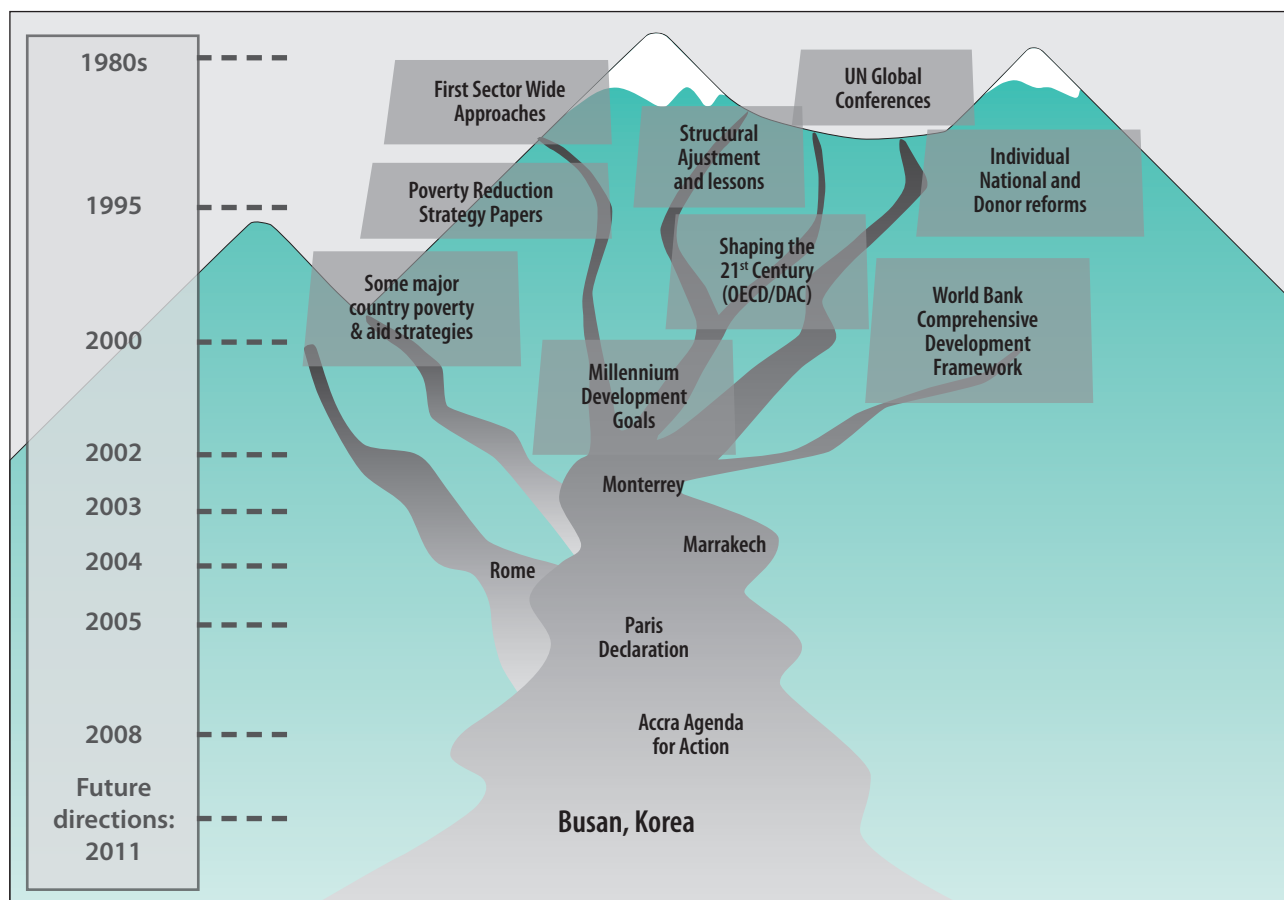
The Declaration also includes built-in provisions for the regular monitoring and independent evaluation of how the commitments are being carried out. This Evaluation fulfils part of that promise in time for review and action at the Fourth High Level Forum on Aid Effectiveness in Korea and thereafter. The Evaluation has proceeded in parallel with the first two rounds

of the Paris Declaration Monitoring Survey, and has taken their results into account. The third round results were not yet available at the time the Evaluation was completed.

The Accra Agenda for Action was drawn up in 2008 at the Third High Level Forum in Accra, Ghana, and built upon the commitments agreed in the Paris Declaration. After a high level political review of early progress, this Forum adopted an agenda to accelerate progress toward the Paris Declaration objectives, and strengthened or sharpened a number of important commitments and areas of work.

Further chapters of this Report will expand on additional key features of these documents, the events at which they were endorsed and, most importantly, the long-term campaign for greater aid effectiveness they are intended to advance. The word 'campaign' is used here advisedly, implying a sustained and concerted effort to achieve major and difficult objectives. As one example, the sources or headwaters of the Paris Declaration commitments can be clearly traced back to key innovations by different countries and institutions over at least the 15 years before 2005. (Figure 1)

Figure 1. Sources of the Paris Declaration on Aid Effectiveness



16 Hereafter referred to as the 'Declaration'.

17 The Declaration was endorsed in March 2005 by the Second High Level Forum on Aid Effectiveness, held in Paris, France.



## 1.2 Approach, methodology and limitations of the Evaluation

### *Developing the methodology*

The Declaration is a political statement of principles and a set of commitments to move forward a long-term international reform process. Its implementation depends on action by multiple actors with widely differing priorities and circumstances. Developing a methodology to evaluate the effects of such a declaration has been a challenge.

It must be stressed that the Evaluation of the implementation of the Declaration (taking account of the Accra Agenda for Action) is not about the effects of a political statement in itself, but whether and how the operational commitments, relevant actors and motivational elements that the Declaration and the Accra Agenda helped bring together have actually contributed to the intended improvements.

A great deal of preparatory work was done by participants in the Evaluation and additional commissioned specialists to think through and explore ways that relevant evaluation methodologies and experience could be applied and adapted to meet the needs of this case. The object of the Evaluation – an agreed set of principles and commitments to improve aid effectiveness – is not a project or programme, the more normal objects of development evaluation. In a broad sense it is more like a strategy, a domain where evaluation is beginning to be tested,<sup>18</sup> but the Declaration campaign has less-clear boundaries than most strategies. Interesting common elements can also be found in the growing experience in evaluating policy influence.<sup>19</sup>

A persistent issue throughout the Evaluation process has been a tendency to try to apply traditional linear approaches, seeking to test what changes, if any, can be causally ‘attributed’ to the Declaration. On reflection, it is clear that a political statement by itself cannot cause change. What matters most for this Evaluation is whether the combination of operational commitments, relevant actors and motivational elements that the Declaration helped bring together have actually contributed to the intended improvements. The secondary but significant question of whether the Paris Declaration campaign was an effective (or the most effective) set of techniques for advancing these goals will also be covered.<sup>20</sup>

It must also be said clearly at the outset that the contribution of the Evaluation to assessing aid reform to date and seeking lessons for the future, is mainly – and unapologetically – a qualitative one. It will not try to squeeze these complex and subtle processes through simple numerical silos. This analysis

18 Patrizi, PA and Patton, MQ (2010) ‘Evaluating Strategy’, *New Directions for Evaluation*, No. 128 Winter, American Evaluation Association.

19 For a useful recent compilation see Jones, H (2011) *A guide to monitoring and evaluating policy influence*, ODI Background Paper, London.

20 That is, evaluating the Declaration’s own ‘Programme Theory’.

and outlook are informed by the best quantitative evidence available and take into account promising new efforts to improve the numbers, but the quantitative evidence is still weak and often unreliable. Qualitative evidence – transparently sourced, harnessed and presented – is powerful and invaluable evidence, especially when applied to account for changes in complex areas such as this. Further, the major decisions dealing with aid and aid relationships are shaped primarily by qualitative evidence and arguments. To be relevant and useful, the Evaluation must be grounded in these realities.

### *Approach and methodology*

The approach and methodology that were designed to meet this challenge are briefly described below. They are outlined in more depth in the attached Technical Annex. After extensive consultation, these solutions were judged by the participants in the Evaluation to offer the most rigorous and manageable basis available to produce credible findings, conclusions and recommendations. The experience has also yielded valuable lessons for possible future evaluations of comparable complexity.<sup>21</sup>

Key considerations shaping the Evaluation approach are these:

- It is important to build on the learning from Phase 1, which stressed that the processes for improving aid effectiveness are political and not just technical, and that different contexts have a major impact on the possibilities for improving aid processes and strengthening aid’s contributions to development results.
- This is a fully joint international Evaluation, where the many participating countries and agencies have been closely involved in all stages of the process, including its governance, as well as in peer exchanges among national and international teams. This full engagement was designed to strengthen both the credibility and the relevance of the results and also to help strengthen evaluation capacities.
- Given the very high stakes involved, this Evaluation must above all be useful. It is expected to provide answers to questions that are important to key stakeholders and constituencies, which they can then use to strengthen strategies, policies and actions.

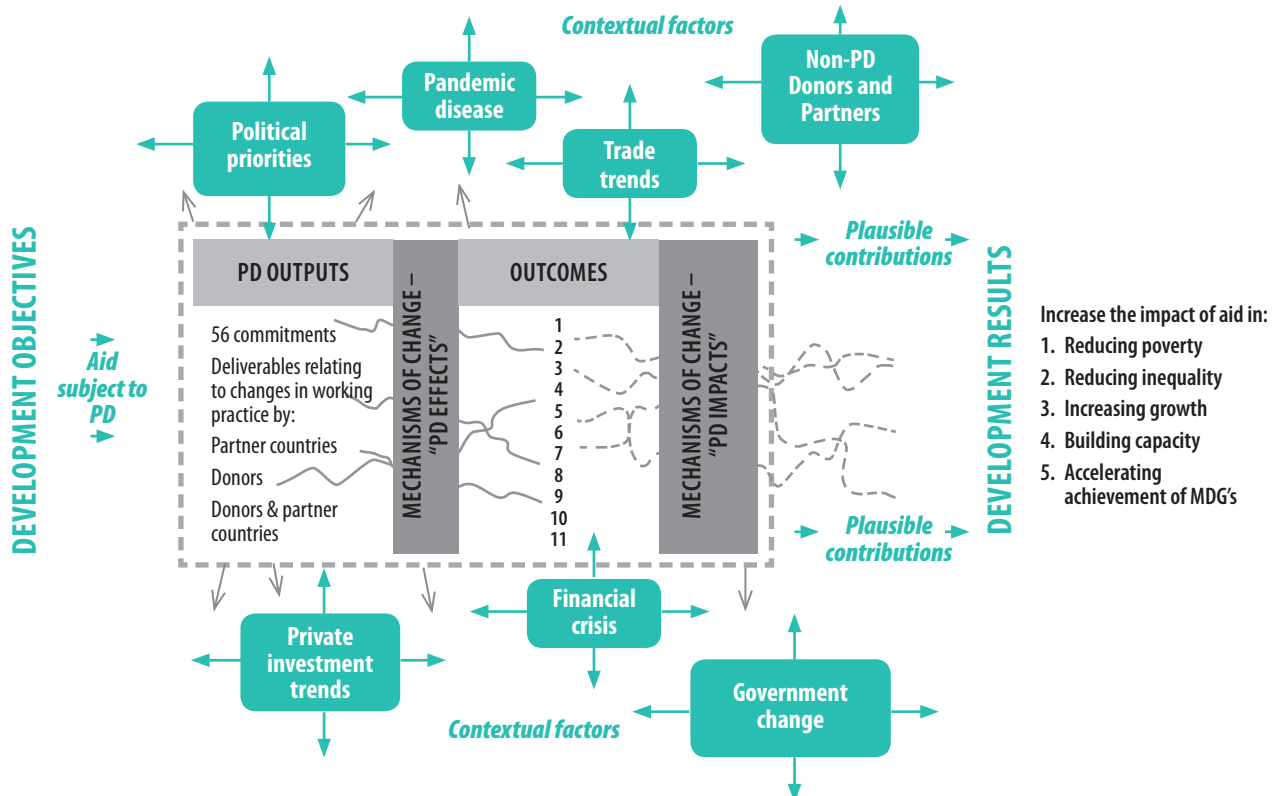
The evaluation methodology for Phase 2 was designed to meet the unusual challenge of assessing the effects of a broad reform agenda which is expressed in a political declaration and is being applied to both partner and donor countries with widely differing circumstances. To meet this challenge, it

21 Full documentation, transparent processes and an independent study of the Evaluation process by a separate team have been built in and should provide a strong basis for this learning. As noted in the Technical Annex, the process has already yielded some valuable insights into the complexities of conducting multi-country and multi-agency studies, balancing the need for autonomy at the local level with the consistency of findings required for synthesis work, and the difficulties of tracing causality and attribution.

Figure 2. The Programme Theory

INTENDED DRIVERS	PROGRAMMATIC INPUTS/ ACTIONS	PD OUTPUTS	INTENDED INTERMEDIATE (AID EFFECTIVENESS) OUTCOMES	INTENDED LONGER TERM (DEVELOPMENT EFFECTIVENESS) OUTCOMES
<ul style="list-style-type: none"> <li>• 'Continued high-level political support'</li> <li>• 'Peer pressure'</li> <li>• 'Coordinated actions at the global, regional and country levels'</li> </ul>	<ul style="list-style-type: none"> <li>• 'Agreed political commitment to change'</li> <li>• Backed by 56 Partnership commitments, progress measured against 12 specific indicators with targets for year 2010</li> <li>• 'Initiatives by partner countries and donors to establish their own targets for improved aid effectiveness'</li> </ul>	56 commitments  Deliverables relating to changes in working practice by:  Partner countries  Donors  Donors & partner countries	I. "Stronger national strategies and operational frameworks II. Increased alignment of aid with partner countries' priorities, systems and procedures, help to strengthen capacities III. Defined measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary standards and environmental assessments IV. Less duplication of efforts and rationalised, more cost-effective donor activities V. Reformed and simplified donor policies and procedures, more collaborative behaviour VI. More predictable and multi-year commitments on aid flows to committed partner countries VII. Sufficient delegation of authority to donors' field staff, and adequate attention to incentives for effective partnerships between donors and partner countries VIII. Sufficient integration of global programmes and initiatives into partner countries' broader development agendas IX. Stronger partner countries' capacities to plan, manage and implement results-driven national strategies X. Enhanced respective accountability of countries and donors to citizens and parliaments XI. Less corruption and more transparency, strengthening public support and supporting effective resource mobilisation and allocation"	'Increase the impact of aid in: 1. Reducing poverty 2. Reducing inequality 3. Increasing growth 4. Building capacity 5. Accelerating achievement of MDGs'

Figure 3. The Context for Implementing the Paris Declaration: Complex Pathways to Change



was agreed to use a tested evaluation technique for assessing complex change processes. Going back to the Paris Declaration itself, the Core Team drew out its implicit 'Programme Theory' – its specification of the desired goals and how they would be generated – as the main basis for the Evaluation (see Figure 2).

Together with making explicit the underlying logic of the Declaration, the Core Team also illustrated the 'complex pathways to change' from development objectives to development results (see Figure 3). This highlighted the many other powerful influences at work on development in different contexts; and thus the limits on the role of aid in contributing to development results.<sup>22</sup> Using the Programme Theory as its basis, the Evaluation recognises that this is a journey and that the path to the intended changes is travelled by different actors in different ways and at different speeds. Consequently, it focuses on assessing the *direction of travel* on each key point, and then the *pace and distance* travelled so far.

### **Evaluation Framework and Matrix**

This approach was put into practice for country and donor studies using two main tools. First, the overall Evaluation Framework was developed and disseminated. This set out the broad approaches to the Evaluation (including the Programme Theory) and the anticipated methodological tools to be applied. Second, a common Operational Matrix for country evaluations (and an adapted version for donor studies<sup>23</sup>) was developed, to provide a consistent framework for analysis. This was organised around three main Evaluation Questions, which also form the central outline of this Report. These questions aim to assess and explain:

- 1) to what extent the Paris Declaration has been implemented in different countries and donor/agency systems;
- 2) what have been the effects in advancing the specific improvements in aid effectiveness targeted in the Declaration; and
- 3) what contributions can aid effectiveness reforms plausibly be judged to have made to development results?

Multiple sources of evidence and techniques were required to provide and validate answers and to reach judgements on the direction, distance and pace of travel.<sup>24</sup>

The Evaluation has also integrated an assessment of the Declaration's underlying assumptions and programme theory, including the identification of shortcomings and unintended consequences. The assessment on these points is mainly found in the Conclusions chapter in the section responding

<sup>22</sup> These important guidance documents were originally presented in the Inception Report in May 2010 and are reproduced in the Technical Annex to this Report.

<sup>23</sup> Which was not applied systematically in the donor studies.

<sup>24</sup> The development and use of these tools within the Evaluation are explained in more detail in the attached Technical Annex.

to the question on "Value: 'What has been the added value of Paris Declaration-style development cooperation?'" The relative record of implementation of each of the Declaration's five principles and the Accra Agenda priorities is extensively documented in Chapter 2, and summarised in the response in the Conclusions to the question "Principles: 'To what extent has each of the five principles been observed and implemented and the Accra Agenda priorities reflected?'" Finally, the Technical Annex assembles a summary of the evidence arising in the evaluations relating to the relative strengths and weaknesses of the 12 indicators applied in the parallel Paris Declaration Monitoring Survey.

The main components of the overall Evaluation have been 19 first phase evaluation studies (eight conducted in partner countries and eleven in donors/agencies) looking at early results in implementing the Declaration, and then 21 country evaluations, a further seven donor/agency institutional studies<sup>25</sup> and seven Phase 1 donor study updates<sup>26</sup> in a second phase, assessing the entire period up to 2010. The emphasis has been on the workings of aid partnerships and their effects at the country level, including donor policies and practices on the ground. A number of supplementary studies were commissioned to flesh out important topics, and additional materials were drawn upon and acknowledged.

### **Independence and integrity**

The professional independence of the evaluation teams at both the national and international levels has been assured through the Evaluation's governance processes – the teams alone are responsible for the contents of the reports. The OECD/DAC Quality Standards for Development Evaluation have been emphasised throughout. Knowledge sharing, support, peer review and quality assurance have all been backed by a systematic, targeted literature review (see Bibliography in Annex 5) and an interactive Extranet site, as well as regional and international workshops at milestones in the process.

### **Limitations**

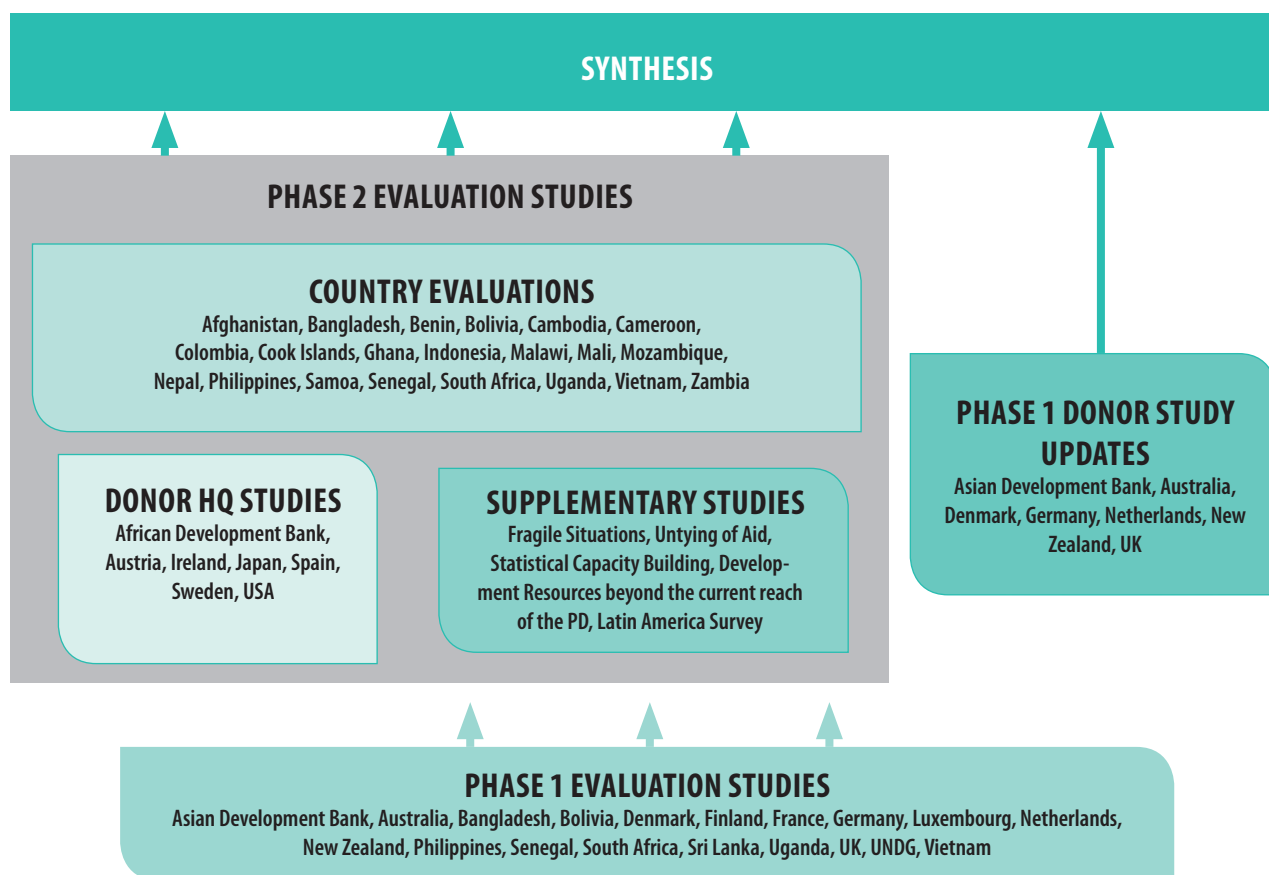
A number of the main limitations on this Evaluation have been recognised from an early stage. They include:

- the unusual character of a broad reform programme and political declaration as an evaluation object limited the possibilities of applying standard evaluation methodologies which imply more linear causality;
- the breadth and complexity of the goals of the Declaration and the wide variety of contexts in which it is applied, and of the actors involved;
- the limited time since the Declaration was endorsed in 2005, which has been short for implementing some of the fundamental changes and shorter still since the Accra Agenda for Action in 2008; and

<sup>25</sup> As distinct from full evaluations.

<sup>26</sup> The level of detail provided in these varied.

Figure 4. Main Components of the Evaluation



- the voluntary nature of participation in the evaluations and studies, meaning that the sample of partner countries and donors/agencies involved is not formally representative of the full groups. Nonetheless, as shown in Table 1 below, a reasonably representative distribution among partner countries was achieved, with a concern that only two Latin America and no Central Asian countries ultimately took part, and that there was limited participation from fragile states or situations, with Afghanistan the main case. Both the partner country and donor/agency groups participating did include some that are often identified as having been “early starters” and/or “leading performers” in aid reforms. However there is no evidence that the self-selection of participants resulted in any general bias toward the best performers, and there are critical findings on all the countries and agencies examined.

A number of other limitations and challenges emerged along the way and were recorded in the Inception Report, together with mitigation measures. However, two especially important further limitations must be noted in light of the evaluation reports and country agency studies actually submitted since November 2010.

First, the original designers’ hope of achieving sufficient coverage of donors’/agencies’ policies and actions on the ground

through the partner country evaluations was not fulfilled. The limited methodology for donor/agency headquarters studies from Phase 1 was also carried over into Phase 2 – and a number of key donors did not carry out such studies at all – which meant that the Evaluation had fewer targeted instruments to assess donor/agency performance than those for country evaluations. As a result, other reputable analyses have been used to strengthen this coverage as far as possible, but they, too, provide only limited comparable assessments of donor performance.<sup>27</sup> The findings included here do, however, emerge credibly from the evaluations at country level and are either confirmed or not contradicted by evidence from the donor/agency studies for the Evaluation or other reputable analyses cited. The fact that there are still no more authoritative comparative analyses of the effectiveness and reform

<sup>27</sup> The periodic DAC peer reviews serve some of this purpose, but only for bilateral donor members and every several years. Looking elsewhere, the Paris Declaration Monitoring Survey results applied to donors are generally not reported or cited as a set. When the Core Team tested a compilation of the raw results from the 2006 and 2008 Surveys, the results emerging raised a number of questions over and above the country results that are usually reported. These concerns may or may not be answered with the 2010 Survey. The fact that other recent attempts (admittedly experimental) to construct comparative assessments of donor quality performance rely so heavily in turn on some of the Survey results compounds the risks. See for example, Birdsall, N et al (2010) Quality of Official Development Assistance Assessment, Washington DC: Brookings and CGD. More specialised assessments on themes such as donor decentralisation and transparency have however been helpful.

Table 1. Characteristics of Partner Countries Participating in the Phase 2 Evaluation

Recipient	2009				2010
	Population (thousand)	GNI per capita* (USD)	Economy**	ODA Total, Gross Disbursements (USD Millions)***	Human Development Index
Afghanistan	29,803	310	Low income	6,239.46	155
Bangladesh	162,221	580	Low income	1,891.27	129
Benin	8,935	750	Low income	700.19	134
Bolivia	9,863	1,630	Lower-middle income	742.20	95
Cambodia	14,805	650	Low income	747.96	124
Cameroon	19,522	1,190	Lower-middle income	800.75	131
Colombia	45,660	4,990	Upper-middle income	1,118.05	79
Cook Islands	22	5,000****	Upper-middle income	8.46	-
Ghana	23,837	1,190	Lower-middle income	1,651.53	130
Indonesia	229,965	2,050	Lower-middle income	3,679.99	108
Malawi	15,263	290	Low income	778.76	153
Mali	13,010	680	Low income	1,032.04	160
Mozambique	22,894	440	Low income	2,046.13	165
Nepal	29,331	440	Low income	979.77	138
Philippines	91,983	1,790	Lower-middle income	1,214.38	97
Samoa	179	2,840	Lower-middle income	83.04	-
Senegal	12,534	1,040	Lower-middle income	1,068.75	144
South Africa	49,320	5,760	Upper-middle income	1,118.02	110
Uganda	32,710	460	Low income	1,807.40	143
Vietnam	87,280	1,000	Lower-middle income	4,185.32	113
Zambia	12,935	960	Low income	1,275.87	150

\* Source: World Bank (GNI formerly referred to as GNP)

\*\* According to World Bank country economy classifications

<http://data.worldbank.org/about/country-classifications>

\*\*\* Source: OECD.Stat

\*\*\*\* 2005, *StudentsoftheWorld.info*

efforts of bilateral and multilateral donors and agencies' programmes is a current weakness in the field.

Second, most of the Phase 2 evaluations – the central source of evidence – did not consistently use any standard set of data

sources or always apply the comparable rating scales suggested in the Evaluation Matrix. Instead, they selected from and supplemented the range of sources and ratings proposed to capture the particularities of each country situation. The Synthesis takes as a given the diversity of these approaches

and does not attempt to re-impose standard sources at this stage. For this reason, the analysis here presents an aggregate picture, drawing out the common findings and highlighting variations, quantifying them as far as possible and illustrating key points with informative examples.

*Other streams of work.* Finally, although it is not strictly a limitation of this Evaluation, it is important to draw attention to the fact that a good many streams of work on specific aspects

of aid effectiveness have been proceeding in parallel under different auspices and will feed separately into the preparations and proceedings of the High Level Forum in Korea. Some examples specifically identified in the text as likely to complement or go beyond the Evaluation's evidence include work on: aid effectiveness in fragile states and fragile situations; South-South cooperation; fragmentation of aid and division of labour; capacity development; mutual accountability; and managing for development results.

## 2. The Declaration in Context

### 2.1 Core Evaluation Question 1: 'What are the factors that have shaped and limited Declaration implementation and its potential effects on aid effectiveness and development results?'

This chapter of the report distils the findings on the main factors which have supported and/or limited the implementation of aid reforms in partner countries and donor systems since 2000-05. It highlights the common elements and trends, as well as revealing significant differences. The common thread is that these distinctions have been shaped mainly by the *bureaucratic, political and economic conditions* in different partner and donor countries, as well as by the ways in which they interact. As recent global events have highlighted, recession, financial, food, fuel or other crises and major disasters can also have dramatic effects on international cooperation and reform processes. The following sections consider the main issues which have emerged.

The analysis is organised around two broad topics covering the common evaluation questions:

1. the context for aid reform itself: how the Declaration effort has been interpreted and applied, including basic issues having to do with defining and measuring aid in a rapidly changing world;
2. relevance to countries and key influences: how relevant has the Declaration campaign been to countries and agencies and what have been the main political, economic and bureaucratic influences that have shaped and limited implementation.

### 2.2 Interpreting and applying the Declaration

The Declaration responds to a set of recognised problems. It proposes solutions drawn from the experience of partner countries and donors. Even sceptical observers have acknowledged that the Declaration is a major initiative to bring about change

in the field of international development cooperation and perhaps in international relations more generally. Several differences from previous initiatives offer grounds for confidence that it would move beyond good intentions to tangible results:

- It sets out an action-oriented roadmap with 56 commitments to tackle problems identified through experience.
- An unprecedented number of countries, international organisations and groups were involved in the 2005 Paris High Level Forum, with more than 100 endorsing the Declaration, and around 50 others since.
- The Declaration builds in mechanisms at the international level to promote transparent mutual accountability in meeting the commitments: regular monitoring (against selected target indicators) and independent joint cross-country evaluation. It stresses that the strategies and priorities of partner countries will guide implementation and that it needs to be adapted and applied to differing country situations. Both partner countries and donors can also be expected to 'establish their own targets for aid-effectiveness improvements within the framework of the agreed Partnership Commitments and Indicators of Progress'.
- Thus, the Declaration's endorsers aimed to harness the intended drivers reflected in the Programme Theory – 'continued high-level political support'; 'peer (and partner) pressure'; and 'coordinated actions at the global, regional and country levels' to leverage different behaviour and better practice on both sides.

Once endorsed and launched, this unique strategic initiative for change had to be understood and acted on – individually and collectively – by many actors in both partner and donor countries. By the time of the 2008 mid-term High Level Forum in Accra a number of challenges had come to light.<sup>28</sup> The find-

<sup>28</sup> The Accra Agenda for Action attests to these problems and attempts to make the necessary course corrections.



ings of a majority of the evaluations and study reports have highlighted and further documented these issues:

- The timeframe and expectations for progress cannot fully capture the variety and difficulty of the tasks; urgency must be balanced with realism.
- The Declaration had been interpreted as mainly a government-to-government technical agreement to be managed by the executive branches on both sides, facilitated by an international governance group and secretariat support.<sup>29</sup>
- The 12 selected indicators of progress, while essential to give ‘teeth’ of accountability to the mutual commitments, have become the central ‘technical’ focus of attention and of most of the ‘coordinated actions’ whether or not they are sufficiently representative or reliable. This has tended to sideline the much larger number of other commitments, all part of the carefully balanced package. As shown in the evaluation results,<sup>30</sup> many of the neglected commitments are of equal or greater importance than several of the selected 12, but had presumably been seen in 2005 as more difficult to measure and monitor.
- The emerging international and national focus on an implied Declaration ‘formula’ or ‘model’ obscured the original understanding that the broad strategy was designed (and expected) to be adapted to different country situations and priorities. At the same time, practitioners and policy-makers have had to cope as ‘the ‘aid principles’ landscape has become increasingly crowded in recent years.’<sup>31</sup>
- The original commitments endorsed in the Declaration are balanced between partner country and donor responsibilities, and progress on two-thirds of the indicators will mainly depend on actions by donors. As the Evaluation has confirmed, however, practice soon began to dim the hope that the Declaration-based process could quickly make a major difference to the imbalance between donor and partner country responsibilities and leverage. Partner countries were expected to make fundamental and complex system-wide changes that were difficult to measure and yet could be seen as preconditions for donors to make many of the changes expected of them. This began to raise questions about the continuing imbalance in the ‘compact’ and about the ‘enforceability’ of the mutual commitments when donors can withhold aid, but most partner countries hold no comparable leverage.

<sup>29</sup> A Joint Working Party on Aid Effectiveness, supported by a section of the OECD/DAC secretariat.

<sup>30</sup> The most thorough assessment of the applicability and limits of the Monitoring Survey indicators is found in the conclusions and recommendations of the evaluation for Vietnam.

<sup>31</sup> Harmer, A and Basu Ray, D (2009) *Study on the Relevance and Applicability of the Paris Declaration on Aid Effectiveness in Humanitarian Assistance*, HPG/ODI London, commissioned by the Norwegian Ministry of Foreign Affairs.

These issues were reflected in the results of the Accra Forum. First, there was wide agreement that the prevalent view of the Declaration as a technical, bureaucratic process needed to be shaken up and the key driver of ‘high-level political support’ revitalised. The need to engage actors outside the executive branches of central governments – legislators, other levels of government, civil society and the private sector – came to the fore. The Forum reiterated the need to adapt the Declaration’s application to fit different country circumstances, and recognised ‘that additional work will be required to improve the methodology and indicators of progress.’<sup>32</sup> A number of the commitments were singled out for special attention, reinforcement or refinement, including expectations for more effective and balanced mutual accountability. A final message from Accra, supported by a number of findings in the Evaluation, is that when knowledge of and engagement in aid reform extends to the full range of actors including the legislature, sub-national governments civil society and the private sector – rather than to only a few ministers and agencies of the central government – it is likely to provide a stronger base for implementing the aid effectiveness agenda.

The Accra Agenda encouraged all development actors, including those engaged in South-South cooperation and global funds and programmes, to use the Paris Declaration principles as a point of reference in providing development cooperation. It drew attention to the role of middle-income countries as both providers and receivers of aid, the importance and particularities of South-South cooperation, encouraged the further development of triangular cooperation, and looked to deeper engagement with civil society organisations in improving aid effectiveness.

### 2.3 Relevance and key influences

#### *Relevance*

The Declaration responded directly to a broad set of recognised problems and put forward potential solutions drawn from the experience of participating partner countries and donors. Unsurprisingly, therefore, they have shown through their statements and actions that they find the Declaration’s basic diagnoses and prescriptions relevant to their existing aid relationships. Each of the respective reports highlights the particular dynamics shaping the responses and performance of individual partner countries and donors. It is highly significant that their starting points were quite different, with some countries and donor agencies heavily engaged and advanced in the aid effectiveness agenda well before 2005, and others much less so. The effects of these differences emerge repeatedly in the individual reports within the Evaluation – some partners appear now almost to have completed the work of reform, others to have barely begun.

#### *Putting aid itself in context*

By stressing the need to put aid in its broader context, the

<sup>32</sup> Accra Agenda for Action, para. 30.



Evaluation has helped to highlight larger questions about the changing understandings of the nature and relative importance of aid itself. These questions are key to understanding the potential influence and limits of the aid reform campaign.

It is clear from evaluation reports and studies that in every aid-receiving and aid-providing country, aid programmes are subject to influences, actors, forces and events that are more powerful than the direct objectives, interests and resources of aid programmes themselves.

In partner countries, aid is rarely more than a small share of the economic resources available for development, although it may in some cases represent a substantial share of development investments or government budgets. At the same time, the different ways in which these questions were approached within the component evaluations for this Report reveal how this aid is actually very differently seen and handled. First, there is no single way of assessing a country's relative reliance or 'dependency' on aid. Some of the evaluations focus on the share of resources aid represents in relation to Gross Domestic Income or other measures of the total economy. Others cite aid as a share of investment or public investment, and yet others refer to it as a share of central government expenditure or government expenditure more generally. Consequently, it has been challenging to extract comprehensive and comparable answers from the different evaluations about the total resources – internal and external – mobilised for development.

Anticipating this issue, the Evaluation commissioned a thematic study on 'Development resources beyond the current reach of the Paris Declaration', which was completed in September 2010.<sup>33</sup> The study examines aid or "Official Development Assistance-like assistance"<sup>34</sup> to developing countries from sources not now endorsing the Paris Declaration ("non-PD resources") with the aim of better delineating sources, magnitude and implications of current and emerging trends. The main findings and conclusions are summarised in Box 1 below. It is important to stress that this study was focused on the *financial flows* involved in different forms of development cooperation. Thus it does not capture or reflect some important dimensions of South-South cooperation, which are understood to be strongly based on knowledge exchange between partner countries, sometimes also bringing in multilateral organisations and traditional donors in particular roles. The High Level Forum in Korea is expected to receive extensive information and analysis

33 This study was posted on the Evaluation Extranet site for comment by Evaluation participants and then on the Declaration Evaluation page of the DAC website. Prada, F et al (2010) *Development resources beyond the current reach of the Paris Declaration*, Lima: FORO Nacional/ Internacional.

34 This definition aimed to capture the generic characteristics of aid as distinct from other types of financial flows – Official Development Assistance or ODA is official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount).

on South-South cooperation.<sup>35</sup> The Forum may also offer the opportunity to define better the boundaries and dimensions of various types of cooperation that are sometimes loosely grouped under this heading, and thus enhance understanding and transparency as a basis for its further development.

### **Box 1. Aid Resources Beyond the Reach of the Declaration: Key Conclusions**

Exceptional caution is required about claims on the magnitude, scope and character of financial flows to developing countries from non-Declaration sources. Available data on these flows are weak, non-transparent and generally unreliable, or in many cases simply unavailable. Many of the claims pointing to a new age of private international philanthropy aimed at the poorest countries would seem to be highly inflated. For bilateral South-South Cooperation (SSC) a general lack of integrated information about projects, conditions, co-financing and financial support makes it impossible to determine the extent to which SSC funding is ODA-like.

It is becoming more difficult to determine the degree of concessionality – or "grant element" – of a range of financial flows to developing countries, because of widening variety of financial instruments now being used by both Declaration and non-Declaration providers.

While financial flows on a bilateral or South-South basis from non-Declaration countries are substantial, it is clear that a significant percentage of these do not meet Declaration criteria. The Declaration framework is intended as the standard for 'good donorship' and 'good receivership'. Some of the practices of non-Declaration donors are similar or identical to the 'bad practices' of traditional donors that the Declaration is designed to rectify.

Although an accurate determination of non-Declaration resources that are ODA-like is not possible, it is clear from this study that non-Declaration providers add to a growing diversity of channels and financial instruments to deliver development resources.

The emergence of new donors and the pattern of their development financing point to an even greater need than before for transparent information, coordination, harmonisation and governance leadership. The number and diversity of new actors, especially civil society organisations, is increasing 'transaction costs' for aid receiving countries.

There is a paradoxical effect in the interactions between Declaration and non-Declaration donors which, while contributing to fragmentation and duplication of effort, is at the same time advancing the Declaration's goals. Evidence exists of a growing network of interactions be-

35 Drawing, for example, on the work of the international Task Team on South-South Cooperation.

tween donors and this suggests that there is an indirect effect of the Declaration on the activities of non-Declaration donors.

The increasing importance of non-DAC donors has created pressure for modifications to the rules that define ODA so that different forms of South-South Cooperation can be included. This raises fundamental questions and a serious risk that change will be driven more by political correctness than by concern for development effectiveness. It would, be unfortunate if this were to result in two sets of rules, a first for traditional donors and a second for new and emerging donors. The Declaration and the Accra Agenda for Action represent major advances in donor transparency, in the criteria for aid effectiveness and in mutual accountability. These should be preserved and advanced further in order to include new and emerging donors.

Finally, the findings in this study point to a far more modest figure than the often-cited US\$60 billion estimate of flows from all non-Declaration sources that could be classified as aid. With major caveats because of the data gaps, the study offers as a very rough estimate a figure in the range of US\$28-US\$29.5 billion annually. This compares with aid from OECD/DAC sources at some US\$125 billion.

Source: Excerpted from Prada, F et al (2010) *Development resources beyond the current reach of the Paris Declaration*, Lima: FORO Nacional/Internacional, pp.39-42.

The study also includes an analysis of trends in total external financing flows to developing countries, showing the relative place of aid over time and in different groups of countries.<sup>36</sup> The study findings suggest that the Declaration is directly relevant to only a small percentage of total net capital flows to developing countries as a bloc, but considerably more to the majority of developing countries beyond a small group of middle income and emerging economies.

At the aggregate level, three main trends emerge when comparing the broad categories of official and private<sup>37</sup> financial flows from the 1970s to the present:

1. Globally, official flows have declined dramatically in comparison with private flows.
2. Private capital flows have been the main source of international development financing and their dominance has increased steadily over the past two decades.

<sup>36</sup> The analysis was based on net figures from the Global Development Finance database. Different approaches to this type of analysis can result in significant variations on numbers and breakdowns, e.g. by region, as well as focusing on such issues as the volatility of different types of flow. An interesting example of such variation, not reflected in the commissioned study is Frot, E and Santiso, J (2008) *Development Aid and Portfolio Funds: Trends, Volatility and Fragmentation*, Working Paper No. 275, OECD Development Centre.

<sup>37</sup> This includes Foreign Direct Investment, commercial bank lending and capital market financing.

3. Increased private flows are still overwhelmingly concentrated in middle income and a few low-income developing countries. An average of 70 percent of global Foreign Direct Investment to developing countries was concentrated in 10 middle-income countries. Over the same period, low-income countries received an average of only 4.2 percent of Foreign Direct Investment net inflows.

In further trends, the strengthening of international and domestic capital markets has contributed to leveraging additional resources from external and domestic savings to development financing, at least in emerging economies. In addition, individual (mainly workers') remittances increased to a (global) annual average of US\$184 billion from US\$21 billion two decades earlier (and the regional distribution of these flows is also uneven).<sup>38</sup>

### *Distinctive features in middle income countries*

The changing overall profile of total resource flows signals important changes that have taken place in the financing alternatives to aid that have opened up to middle-income countries. A range of these effects – some of which also apply to other countries – can be found in the relevant country evaluations.<sup>39</sup> In several cases they include:

- more selective needs and uses for aid in general;
- relatively stronger bargaining power and freedom of action;
- less concern with the volatility of aid flows and predictable disbursements;
- less appetite for elaborate arrangements for a formal division of labour among donors, explicit alignment exercises, complex sector-wide approaches or special emphasis on particular aid modalities;
- less concern about support for improving systems or capacities or engaging in policy dialogue; and
- emerging roles as regional and South-South leaders and providers of development cooperation.

While some of these changing conditions might be taken to imply a diminishing interest in aid or aid reforms in middle income countries, the evaluations examined here report a different finding. These countries are aware that they still face persistent development challenges – particularly around stubborn inequalities – as well as new ones, and are keen to use the particular tools and limited amounts of aid to maximum effect. They also have capacity to take leading roles and responsibilities in applying lessons to improve international aid reform efforts and in designing and contributing to the future architecture for international development cooperation. A number of the implications of the lessons and trends

<sup>38</sup> The analysis of trends above is all drawn from 'Development resources beyond the current reach of the Paris Declaration', pp.12-13 (edited for brevity and style).

<sup>39</sup> See especially the conclusions and recommendations in the evaluation for Vietnam, as well as aspects of the evaluations for Colombia, South Africa, Indonesia and the Philippines. The Colombian and South African teams in particular collaborated in promoting consultations among this group during the Evaluation process and in assembling thoughts on common issues for consideration in the Synthesis.

of aid effectiveness identified in middle income countries will be apparent in the conclusions and recommendations of this Report.

### **Key factors in most partner countries**

In the majority of countries where aid remains quantitatively important, the Evaluation has found that even over the past 5-10 years, the importance and roles of aid can shift with many types of changes – international economic, energy or food crises; natural disasters; ongoing conflicts or their aftermath; political changes; new resource discoveries; new private sector developments or the growth of other international partnerships beyond the reach of the aid reform agenda. Any of these changes can also affect the political attention and capital that will be invested in long-term aid reforms. Less obvious, but still powerful influences on the role of aid and the potential for reform have included: the stability of governance and trends toward decentralisation; basic public sector capacities; demographic, health and social trends including inequality; and environmental vulnerability.

The evaluation reports generally reflect the main areas of coverage requested by the Operational Matrix, in most cases covering factual and formal organisational aspects more fully than those questions calling for more qualitative analyses and judgements. Thus, most reports provided full responses to questions about key economic features, issues and trends; the organisation of government and aid management; national development strategies; and the basic information on aid flows, collectively and from different donors. A minority of reports assessed in some depth factors related to 'political economy', such as the more informal rankings and relations of influence among different domestic and international actors and forces at work, new entrants or new sources of development finance, etc.<sup>40</sup>

Even the understanding of 'aid' itself is subject to differing perceptions among countries and donors. The guidance note produced by the Core Team on the subject emphasised Official Development Assistance (ODA) or similar forms of concessional resources. However, country evaluations and donor studies reflected very diverse operating definitions when asked 'What shares and types of ODA flows...are in practice subject to Declaration principles?' For example, Cameroon considers that the Declaration applies to 'all resources, public and private, internal or external, bilateral and multilateral, financial or technical, in kind or in money'.<sup>41</sup> Among donors, the largest single aid provider, the United States, has never focused primarily on ODA, but applies a much wider concept of foreign assistance. It was therefore important to the US evaluation to clarify that

40 Other issues that were only partially covered include 'appropriate coverage of technical cooperation, South-South and triangular cooperation, NGOs/CSOs and faith-based groups, and other sources of development cooperation not covered by the Declaration'.

41 Cameroon, p.20.

the focus for purposes of the Paris disciplines<sup>42</sup> was mainly on ODA.

Whether and how the Paris disciplines should be applied to providers of 'aid' not endorsing the Declaration was another issue of differing practice among the country evaluations. Rather than attempting to apply retroactively any standard measure in order to simplify its comparisons, the Evaluation has seen these differences of practice in different countries as significant findings in themselves, and integrated them into the analysis.

Individual country evaluations also raise statistical obstacles to any standard view. A persistent problem is noted in a few countries with reconciling donors' figures on aid commitments and disbursements as reported to the OECD/DAC with the countries' own numbers on commitments and disbursements received.<sup>43</sup> This is part of a much larger challenge of generating sound statistics, not only as a basis for international discussion, but more importantly for countries' own needs. The need was recognised in the Declaration itself, and support to statistical capacity building was the subject of a thematic study for the Evaluation in 2009.<sup>44</sup> Efforts to strengthen the base of essential statistics for national and international purposes have continued through a number of major initiatives and through individual donor support.

However, one much-needed clarification on aid to individual countries is now being increasingly tested and refined. The concept of Country Programmable Aid has the potential to concentrate attention in aid relationships on the real stakes, moving away from misleading gross numbers on aid spending. It refers to the portion of total aid that each donor can actually programme for each receiving country. It thus excludes substantial portions of total aid that are not 'programmable' aid resources from the receiver's viewpoint (such as debt relief, humanitarian and food aid, repayable loans, donor administration, etc.<sup>45</sup>). The most recent calculations of these shares of aid for individual OECD/DAC donors highlights the significance of focusing on this more specific measure, country by country,

42 This Report refers to the Paris Declaration disciplines to reflect that the combination of five guiding principles and 56 commitments to make specific changes must be seen to constitute a set of disciplines accepted by the adherents.

43 It is not clear to what extent these reported problems result from poor or late reporting (at the international or national levels), to unsynchronised cycles and/or to actual discrepancies in commitments and/or disbursements. In any case they perpetuate uncertainty and do not encourage trust. A statistical partnership on aid flows between the OECD/DAC and the World Bank is presumably intended to iron out some additional differences that had further complicated the picture.

44 OPM (2009) *Evaluation of the Implementation of the Paris Declaration: Thematic Study – Support to Statistical Capacity Building, Synthesis Report*, London: DFID.

45 Beyond the important criterion of programmability, this definition excludes as well some highly questionable additions to total ODA calculations that have been accepted and claimed over the years by some DAC members. These include costs for overseas students and refugee settlement in donor countries. For basic information, see OECD/DAC (2010) *Getting Closer to the Core: Measuring Country Programmable Aid*. Development Brief Consultation Draft, Issue 1.

and dealing with discussions of wider, total aid numbers on a different basis. Focusing on Country Programmable Aid as the basis for work between partner countries and donors to improve aid effectiveness will rapidly improve the quality of information and dialogue, as well as public understanding in both partner and donor countries.

### ***Distinctive features of aid in fragile situations and humanitarian relief***

One of the specific tasks for this Evaluation has been to assess whether and to what extent the aid reform agenda in the Declaration has applied and should be applied in fragile states, 'fragile situations'<sup>46</sup> and humanitarian relief. The Evaluation made use of the evidence from the country evaluation in prominent case – Afghanistan – together with several other sources reflecting the growing experience and thinking about these issues in a wide range of countries.<sup>47</sup> That analysis was assembled in a Core Evaluation Team Working Paper that was posted on the Evaluation Extranet, and comments invited from all Evaluation participants.<sup>48</sup> The results are briefly outlined below.

The primary and secondary evidence assessed here indicates that the common requirements for effective aid across 'non-fragile' and 'fragile' situations are more important than the differences. There is in fact no 'normal' pattern of country ownership providing a basis for aid management. As this Evaluation's examinations of context have demonstrated, every country context is unique; none fulfils all the 'ideal' conditions, and the scope for applying different good practices varies widely.

On the other hand, it is clear that in fragile situations, internal and external contextual factors are usually even more critical than elsewhere in shaping the potential and limits of aid, and a number of factors are distinctive. These may include multiple internal contexts (for example where different parties have de facto control of different parts of the country), less organised capacity, legitimacy or will in the partner country. But another key distinctive feature of many such situations is the strong

46 This term is normally used to refer to situations where the state lacks 'either the will or the capacity to engage productively with its citizens to ensure security, prevent conflict, safeguard human rights and provide the basic functions for development', International Network on Conflict and Fragility (INCAF).

47 The main additional sources include the Thematic Study commissioned for Phase 1 of the Evaluation: OPM/IDL (2008) *Evaluation of the Implementation of the Paris Declaration: Thematic Study – The applicability of the Declaration in fragile and conflict-affected situations*; reports up to 2010 on the monitoring of the implementation of the 2005-07 *Principles for Good International Engagement in Fragile States and Situations*; and two other selected evaluation sources, a synthesis of DFID's country programme evaluations conducted in nine fragile states between 2002 and 2009, and a major 2010 evaluation, Bennett et al (2010) *Aiding the Peace: A Multi-donor Evaluation of Support to Conflict Prevention and Peacebuilding Activities in Southern Sudan 2005-2010*, ITAD: UK. Finally, the Core Team drew on selected sources (see Bibliography) to cross check the relevance of the emerging findings and conclusions in this area to humanitarian assistance activities.

48 "Approach to handling the evaluation of the Paris Declaration in fragile situations," Core Evaluation Team Working Paper.

involvement of a wider range of powerful international actors, such as foreign ministries, military forces and international political and relief agencies, together with multiple humanitarian and relief agencies. The pressures are compounded by high profile expectations for rapid 'results'. It is clear that the additional difficulties in coordinating these many powerful actors and their different interests, priorities and timeframes is sometimes used as a rationalisation for failures to apply those good practices that are relevant.

The findings in the Afghanistan evaluation and the other sources referred to – which are not convincingly contradicted by other evidence or prevalent assumptions or rationalisations – suggest that in fragile settings the adaptations from 'normal' Declaration disciplines should be more a matter of degree than of kind, and that donors bear a special share of responsibility for ensuring good practice and helping empower country partners to the greatest degree possible. They must constantly manage 'the tension between directly providing service delivery to the poor and building the capacity of the state to do so.'<sup>49</sup>

The Afghanistan report provides evidence of several major aspects of aid performance where the Declaration principles could and should be applied to a greater degree than they have been in this highly volatile and risky situation. Afghanistan has been recognised as an especially challenging case in the monitoring of the implementation of the Fragile States Principles since 2007 in six very different situations around the world. But the general findings are consistent and highlight the shift of greater influence and thus responsibility for good practice in fragile states and situations onto the outside actors, given the reduced capabilities of domestic actors.

The recently published evaluation of support to Southern Sudan from 2005 to 2010 adds critical notes on how Declaration 'good practices' have actually been implemented in that situation: '...many donors have too closely adhered to the commitment towards harmonisation in the Paris Principles. To some extent this adherence came at the cost of ownership and alignment' and '... an over-use of "good practice", particularly with respect to ownership and harmonisation, [came] at the expense of field knowledge and engagement that was required...'<sup>50</sup> The analysis centres on a concern that donors did not focus sufficiently on the important (but highly complex and contentious) question: 'Are the interventions dealing adequately with the factors that lead to conflict?' Instead, the evaluation depicts a more formulaic and bureaucratic response, at the very least misapplying some of the Declaration principles.

Finally, with respect to the important domain of humanitarian assistance, questions have been raised about the applicability

49 Chapman, N and Vaillant, C (2010) *Synthesis of Country Programme Evaluations conducted in Fragile States* DFID: London, S.18.

50 Bennett, *op. cit.* p. xx.



of 'normal' aid effectiveness principles and practices. Both the Declaration and the Accra Agenda for Action suggest that, with some adaptation, they should apply. The Evaluation has rapidly surveyed the experience with applying the agreed Principles and good practices of Good Humanitarian Donorship as well as major evaluation results such those dealing with as the work of the Indian Ocean Tsunami Evaluation Coalition in recent years.<sup>51</sup> The overall finding is that there is more in common than in conflict between the Declaration's good practices and those for humanitarian aid, with an intensified focus once again on the special responsibilities of outside actors.

## 2.4 Overall findings around contexts

**For partner countries:** Country evaluations have found that – with the exception of a few 'early starters' – the aid reform actions under the responsibility of the partner countries have mostly been slow to take hold since 2000-05, but have now done so in most cases. Mustering political, bureaucratic and public support for aid reforms has depended on key interests and actors believing that the changes will be worthwhile and feasible. Neither conclusion could be taken for granted. There is familiarity, and often strong vested interests, in existing ways of operating and these are not necessarily outweighed by the concern to resolve evident problems. In many partner countries, key capacities for aid management were stretched to the limits in order simply to keep existing systems running in a period of increasing aid volumes for most countries, and undertaking major reforms was an additional challenge.

The country evaluations provide two major explanations for why and how the necessary changes have taken hold, if gradually and unevenly in many cases:

- First, the analysis reflects the earlier point that various streams of aid reform were already underway well before 2005, and had gone further in some countries than others. In a minority of countries capacities and change processes were already strong, so that the Declaration-style changes required only relatively modest adjustments. In the majority of cases, the commitment and incentives to implement the aid reform agenda were not sufficient by themselves to generate the needed support. But they were instrumental when combined with countries' own felt needs to improve their systems for reasons going beyond the aid arena, for example in better financial management, procurement or accountability.
- Second, because the reform agenda is seen to serve other important needs for the countries and key actors than aid management alone, the country evaluations also found that the change processes are now fairly strongly embedded, even though they are still advancing only gradually. The evidence is that the basic momentum has held up

<sup>51</sup> This effort has been anchored by the Active Learning Network on Accountability and Performance in Humanitarian Action (ALNAP). The ground-breaking evaluation in this area was the major humanitarian assistance component of the Rwanda evaluation in the 1990s.

through political changes and crises of various kinds. Even where political attitudes toward aid relationships or economic circumstances have changed, new norms and practices have been sufficiently entrenched to maintain improvement efforts that are anyway in the country's interest.

**For donors:** In donor countries – the main supporters of both their own bilateral aid programmes and the multilateral aid agencies – international development aid has to compete for political and public attention with a wider range of domestic and international issues than in most partner countries. Even in the most generous donor countries, aid represents only about 1 percent of Gross Domestic Income, and the share for all members of the OECD/DAC combined is less than a third of that. Thus in most donor countries, these programmes not only are vastly overshadowed by domestic concerns and government activities but also by other international programmes in defence and security, trade, diplomacy, migration and other spheres.

As elaborated in the next chapter, in comparison with partner countries, the aid reform changes asked of donors under the Declaration agenda are generally less demanding and their capacities for implementing change are greater. But here too the necessary political, bureaucratic and public understanding and support for aid reforms has depended on key interests and actors first being well-informed of the agenda and then convinced that making the changes will be beneficial and feasible. There may be resistance, for example, from established institutional interests. Another key condition is how much, if at all, the Declaration approach – working to improve aid in a cooperative international process with partner countries and other donors – is viewed as valuable and useful.

The seven donor/agency studies and seven updates have helped to highlight events and factors that have either constrained or facilitated the implementation of the Declaration priorities in their respective countries. It is worth listing them here. Among constraints were cited:

- political or policy change;
- a focus on compliance and a risk-averse culture;
- the over-centralisation of many donors' systems and decisions, running counter to alignment with country systems;
- insufficient coherence between policy commitments and implementing practices, particularly in donor systems with more than one agency;
- budgetary pressures arising from the financial crisis;
- changes in organisational status/headquarters location;
- capacity issues/staff reductions;
- non-implemented recent management reviews/organisational change plans.

The following arose as facilitating factors:

- political or policy change;
- legal or regulatory reform;
- organisational change;

- a streamlining of the policy environment. The role of European cooperation as a guiding factor was also raised.

In several of the donor studies, international and, in several cases, European 'peer pressure' is credited with substantial supportive influence at home. In other cases, this international part of engagement is found to be more nominal, irrelevant or even negative when confronted with obstacles to changing existing practices, or with new ministers or governments who were not party to the original agreements. In the largest donor country, the United States, however, the 2009 change of administration is credited with having raised government interest in joining forces in the international effort. Previously, it was common to refer to aid effectiveness efforts without referring to the Declaration. By contrast, the study in Sweden found that critical international findings on Swedish performance in aid effectiveness (from the Declaration Monitoring Survey) attracted attention as a reality check on a more favourable impression at home.

Declaration implementation is reported as important for influencing priority setting and associated organisational adaptation. Key changes included focusing on skills in leadership and advocacy among peers and with partners rather than relying on technical expertise, a shift in providing bilateral grants to governments, often through joint instruments; the introduction of new systems, procedural changes in measurement and reporting; increased awareness among staff and the development of country-level harmonisation and alignment

plans. Three agencies cite action plans for implementing the Declaration and/or the Accra Agenda for Action as drivers in making these changes.

In terms of constraints, several key factors were cited in different countries:

- a recent loss in the Declaration's profile as a result of political and policy changes combined with very limited devolution to the field;
- the perceived risks of corruption or fiduciary risk in partner countries;
- strict requirements for accountability and compliance;
- organisational weaknesses in adapting offices to the aid effectiveness agenda, including a slow pace of decentralisation; and
- the need to reform structures and functions i.e. to go beyond the incorporation of aid-effectiveness concerns in relevant policy documents, cooperation strategies, instruments, commitments and guidance.

The wide range of responses to the Declaration campaign reflected in the donor/agency studies reveal that the conditions required for comprehensive implementation have been met very unevenly among different donors, and even between agencies within those countries which have more than one aid agency. There have been substantial variations over time because the commitments, capacities and incentives for change have also varied widely.

## 3. Findings on Contributions to Aid Effectiveness

### 3.1 Core Evaluation Question 2: 'Has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships? How?'

This chapter of the Report analyses the evidence on the central question of whether the Declaration campaign has had the intended effects of improving both the effectiveness of aid (as defined in the question) and the quality of partnerships between countries and aid providers.

It will:

- sketch the aggregate findings in the answers to this question;
- briefly outline the approaches used to find the answers;
- lay out the findings assessing the progress in each of the 11 intended outcomes that had been specified in the opening paragraphs of the Declaration; then
- offer concluding points on this central evidence base.

### 3.2 Overall findings under this question

At the risk of oversimplifying complex questions and answers, the Synthesis Report presents an overall appraisal of the effects of the Declaration on aid effectiveness (distilled in Table 2 below). It comes with the cautions that this can be only a very broad analysis since on most of the intended outcomes there are such major differences in the performance of individual partner countries and donors. For this reason, aggregate or average ratings across the whole group would be meaningless or misleading.

Thus the multiple ratings given list the largest category first, followed by any smaller one(s). For example, on intended Outcome V. Reformed & simplified procedures, more collaborative behaviour, the table shows that:

- this is mainly the responsibility of donors and agencies;
- the degree of difficulty in achieving it is rated as only limited;
- most donors began from a low starting point in 2000-05;

- the largest group of donors has managed a slow pace of change, the next largest group a moderate pace, and the smallest group a fast pace; and
- finally that the largest group still has a substantial distance to go to achieve the intended end state, while a smaller number have only a little distance to go.

The accompanying diagram (Figure 5 on page 21-22) shows graphically the *range* of performance against each intended outcome. The detailed assessments in the rest of this chapter are integral to a full understanding of the findings.

The standards for defining the pace of progress and distance remaining are elaborated in the Technical Annex. In summary, however, the relative and absolute are blended. If a number of countries or donors have been able to substantially achieve the end condition in the intended outcome, then this is taken as a measure of the possible, and the pace and distance remaining for others is assessed accordingly. If there is no such relative standard of basic completion, the assessment here applies an implicit standard that by 2010 the end condition has been at least half achieved, which would merit a 'fast' pace rating and 'little' distance remaining.<sup>52</sup>

**Overall findings:** Since the problems which the Declaration campaign is intended to resolve were 50 years in the making, with so many actors and interests involved, it is not surprising that the pace in changing them over the past 5 to 10 years has been *mostly slow to moderate*, and that a *substantial distance remains* to the satisfactory resolution of many. At the same time, a number of partner countries and donors have been able to achieve a *faster* pace of change, and have *little further distance* to go on some changes. There is now significant internal commitment and momentum embedded in most partner countries and it has withstood changing circumstances.

<sup>52</sup> The assessments are based on the process of categorising responses from the country evaluations by different Core Team members and then triangulating among those categorisations, as detailed in the Technical Annex.

Among donors, the most striking feature is the highly uneven pace of change – with a handful of exemplars of good practice, a good number of gradual and partial subscribers and some potential backsliders. Overall both leading and lagging records among partner countries and aid providers underline the need and the potential to apply lessons and accelerate further improvements. A serious limitation is that there is no authoritative source of evidence for breaking down the performance of individual donors systematically on most of these expected outcomes, but credible examples are cited where available.<sup>53</sup>

This Synthesis assessment also takes into account factors that have often been overlooked or blurred in assessments of performance, but have been integrated in Table 2 and in the assessments throughout this chapter:

- where the main responsibility for achieving each outcome lay – whether with partner countries, with donors/agencies, or jointly between them;
- that different outcomes presented challenges on different scales, making an assessment of the ‘degree of difficulty’ important based on specified criteria<sup>54</sup>;
- each of the expected reforms may have had different starting points in different countries and donor/agency systems in 2000-05 (as emphasised above in the chapter on Context).

### 3.3 The approaches used

To answer this central question, the evaluations were asked to assess and explain the progress achieved, or not, in realising each of the 11 intended outcomes specified in the Declaration. This framework for assessing changes in aid effectiveness was used in the standard Matrix for all country evaluations. Most of the evaluations used comparable rating scales selectively, preferring to capture the particularities of each case. For this reason the analysis here presents an aggregate picture, highlighting the most common findings, themes and main variations, illustrating important points with representative examples and reflecting more particular findings in the detailed analysis.

<sup>53</sup> There are frequent indications in many if not most evaluations that some donors are doing much more than the average on implementation and adherence, but only fragmentary references to whom they are. Most of the donor studies and updates did not ask the questions set out in the Phase 2 Evaluation Framework, and covered different timeframes. The credible information in the evaluations and studies has been used to make specific references to individual donor records wherever possible.

<sup>54</sup> The criteria for arriving at this assessment were the following: the breadth and complexity of the changes required;

- whether the needed changes would be administrative, regulatory, organisational, legislative or possibly even constitutional;
- whether they would require major investments or diversions of financial, human and managerial resources, taking account of the means of the country or donor/agency mainly responsible;
- whether they would require short, medium or long-term capacity development, taking account of means; and
- ‘evidence of the possible’ – reflecting the range of achievement found among different countries or donors.

Following the synthesis of the primary evidence from the country evaluations, this Report cross-refers it with other findings from the donor/agency studies and supplementary sources. Differing terms of reference meant that no systematic cross-checking between country evaluations and donor studies was possible, but there are significant points on which the readings from the country level (including inputs from field level donor personnel) intersect with the findings at donor headquarters levels and in other analyses.

In order to reflect the further political emphases and priorities brought out in the Accra Agenda for Action, one refined ‘intended outcome’ on mutual accountability was added to the list in December 2009 for inclusion in the Evaluation Matrix due to its intensification of the Paris commitments. As a further way of shedding light on progress in relation to the Accra Agenda for Action, the intended outcomes were clustered under the main action headings of: country ownership of development, building more inclusive and effective partnerships for development and delivering and accounting for development results.<sup>55</sup>

<sup>55</sup> The Accra emphases were drawn out further in pursuing individual questions, but received few direct answers, possibly owing to the limited time available for Accra to become known and make its influence felt, as confirmed by the lack of responses to direct questions on its effects.



Table 2. Summary of Aggregate Progress toward Intended Outcomes on Aid Effectiveness

Intended outcome <sup>56</sup>	Main initiative/re-sponsibility	Degree of difficulty <sup>57</sup>	Starting points in 2000-05 <sup>58</sup>	Pace and extent of change <sup>59</sup>	Distance remaining <sup>60</sup>	Strength of evidence <sup>61</sup>
<b>Country ownership of development</b>						
<b>I. Stronger national development strategies and operational frameworks:</b> i. National strategic	Partner countries	i. Moderate	i. Mostly midstream	i. Moderate to fast	i. Little	Good
		ii. High	ii. Mostly low	ii. Mostly slow/some moderate to fast	ii. Substantial to some	
<b>II. Increased alignment of aid with partner country:</b> i. Priorities, systems and procedures	Donors / Agencies	i. Moderate	Mostly low	i. Mostly slow	Substantial on both	i. Adequate
		ii. Limited		ii. Mostly slow		
<b>III. Defined measures and standards of performance and accountability in country systems</b>	Partner countries	High	Mostly low/some mid-stream	Mostly slow/some moderate to fast	Substantial to some	Good
<b>Building more inclusive and effective partnerships for development</b>						
<b>IV. Less duplication of efforts and rationalised more cost-effective donor activities</b>	Donors / Agencies	Limited to moderate	Mostly low	Mostly slow/some moderate to fast	Substantial to some	Good
<b>V. Reformed and simplified donor policies and procedures, more collaborative behaviour</b>	Donors / Agencies	Limited	Mostly low	Mostly slow/some moderate to fast	Substantial to little	Good

56 Summarised.

57 Scale: High, Moderate, Limited, Straightforward.

58 Scale: Uniformly high, mostly midstream, mostly low, uniformly low.

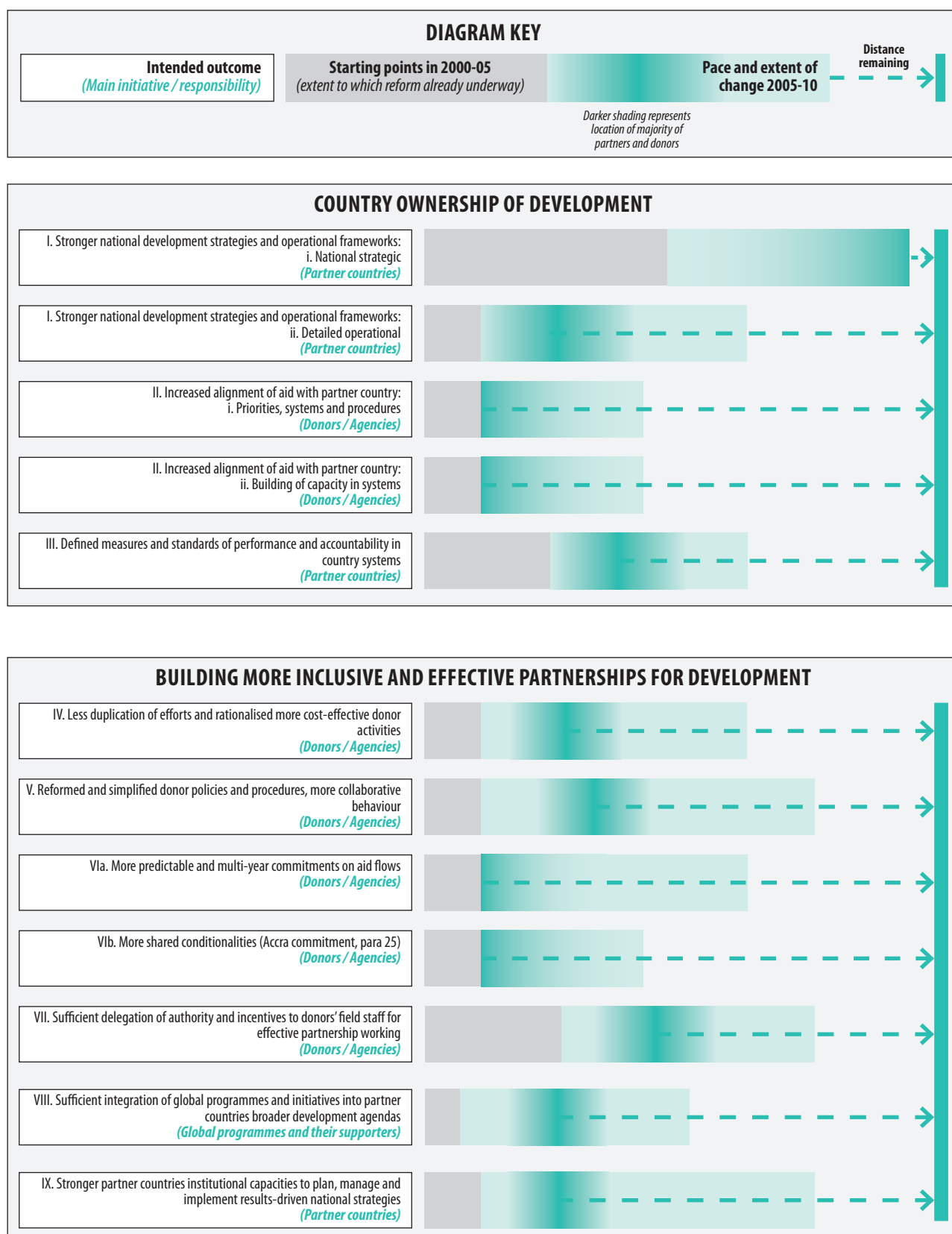
59 Scale: Fast, moderate, slow, very slow, none or regression.

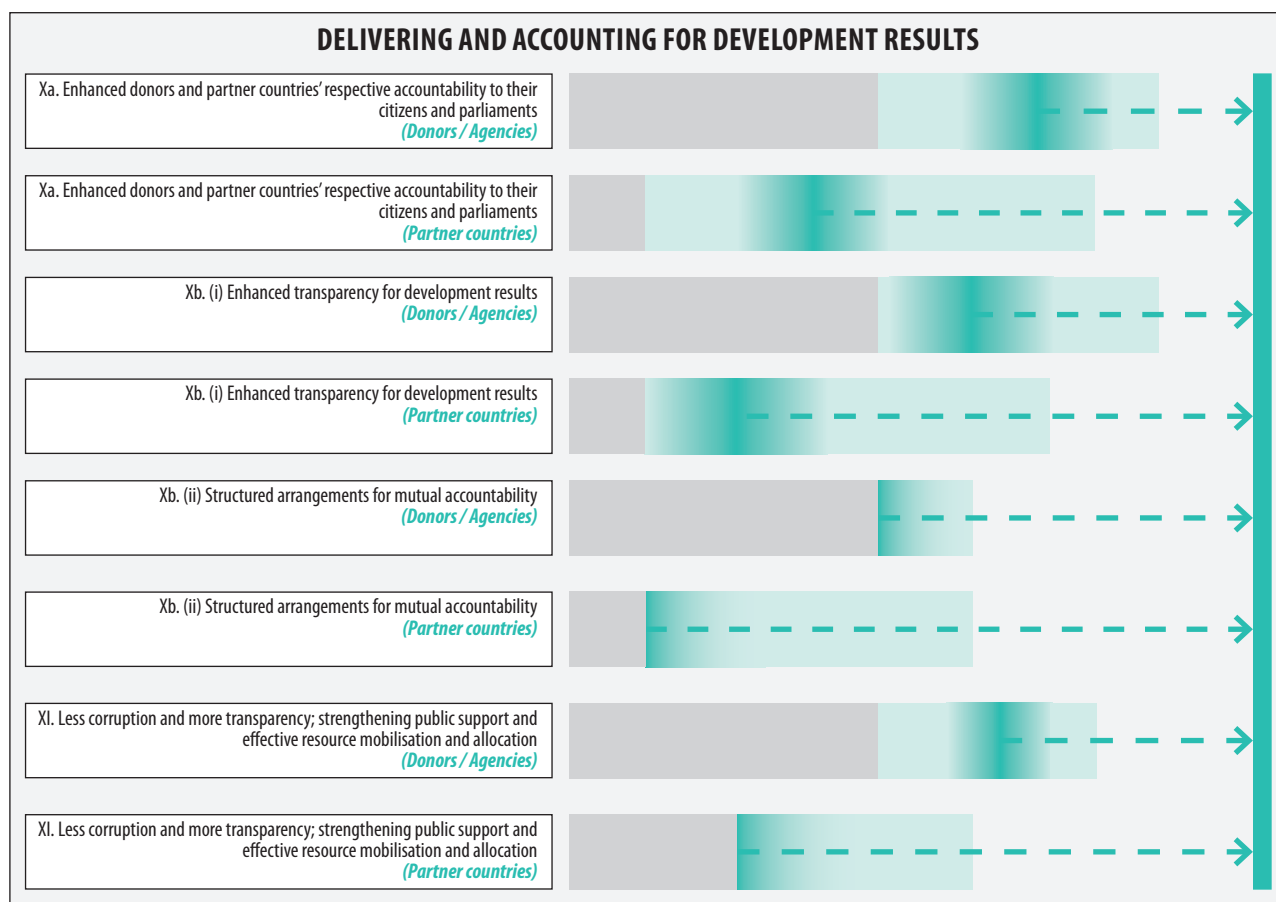
60 Scale: Substantial, some, little, none.

61 Scale: Very good, good, adequate, poor (takes account of supplementary sources available).

Intended outcome <sup>56</sup>	Main initiative/re-responsibility	Degree of difficulty <sup>57</sup>	Starting points in 2000-05 <sup>58</sup>	Pace and extent of change <sup>59</sup>	Distance remaining <sup>60</sup>	Strength of evidence <sup>61</sup>
<b>VIa.</b> More predictable and multi-year commitments on aid flows	Donors / Agencies	i. Moderate to high for bilaterals, limited for multilaterals	i. Mostly low	i. Mostly slow	i. Substantial to some	i. Good
<b>VIb.</b> More shared conditionalities (Accra commitment, para. 25)		ii. High	ii. Mostly low	ii. Mostly slow	ii. Substantial	ii. Poor
<b>VII.</b> Sufficient delegation of authority and incentives to donors' field staff for effective partnership working	Donors / Agencies	Limited to moderate	Mostly low/ some mid-stream	Mostly slow/ some moderate to fast	Substantial to little	Good
<b>VIII.</b> Sufficient integration of global programmes and initiatives into partner countries broader development agendas	Global programmes and their supporters	Moderate	Uniformly low	Mostly slow/ some moderate	Substantial to some	Adequate
<b>IX.</b> Stronger partner countries institutional capacities to plan, manage and implement results-driven national strategies	Partner countries	High	Mostly low	Mostly slow/ some moderate	Substantial to little	Adequate
<b>Delivering and accounting for development results</b>						
<b>Xa.</b> Enhanced donors and partner countries' respective accountability to their citizens and parliaments	Donors / Agencies	Straightforward	Mostly mid-stream	Mostly slow/ some moderate to fast	Some to little	Good
	Partner countries	Limited	Mostly low	Mostly slow/ some moderate	Substantial to little	Adequate
<b>Xb.</b> i. Enhanced transparency for development results ii. Structured arrangements for mutual accountability	Donors / Agencies	i. Straightforward	Mostly midstream on both	i. Mostly slow to moderate	i. Little to some	i. Good ii. Adequate
		ii. High		ii. Slow to none	ii. Substantial	
	Partner countries	i. Moderate	Mostly low on both	i. Mostly slow to moderate	i. Little to substantial	
		ii. Moderate to high		ii. Slow to none	ii. Substantial	
<b>XI.</b> Less corruption and more transparency; strengthening public support and effective resource mobilisation and allocation	Donors / Agencies	Limited	Mostly mid-stream	Mostly moderate	Some	Adequate
	Partner countries	High	Mostly low, some mid-stream	Mostly slow	Substantial	Poor

Figure 5: Aggregated progress – range of performance against each intended outcome





### 3.4 Country Ownership over Development

#### I. Stronger national strategies and operational frameworks (mainly a partner country initiative/responsibility)

**Findings:** All countries are moving in the right direction, with almost all now having national strategic frameworks in place. But there is much slower and more uneven progress in the more difficult tasks of setting out the operational frameworks needed to ensure that aid actually supports country priorities. No major backsliding or loss of commitment is recorded since 2005, and there has been some recuperation of momentum in a small number of cases where it had flagged.

Taking account of their very different conditions, almost all of the 21 country evaluations find that a reasonably robust national development strategy is in place. Some of these are very strong, capturing both medium- to long-term development objectives and political priorities. All offer at least a plausible broad framework for national development policies and priorities and donor/agency contributions. Most of these

countries have evolved different types of strategies over more than a decade, recognising the limits of planning and allowing for necessary flexibility. At least two-thirds credit the Declaration campaign with some influence in strengthening these strategic frameworks since 2005.

On the other hand, only about a third of the evaluations find a clear strengthening of country-owned sectoral and sub-national strategies and resource allocation linkages that would make the national strategy fully operational and provide the full expected guidance and discipline for donor interventions.<sup>62</sup> Others find a static, mixed or 'patchy' picture, with the Declaration having contributed to some improvements, usually at the sectoral level.<sup>63</sup>

This goal included a commitment to developing and implementing these strategies through consultation. Different groups of stakeholders have different definitions of satisfac-

62 See Samoa p.54 for a useful example of government action in the health sector and some of the operational problems that are being addressed.

63 In answering these questions, most of the country evaluations have taken into account the results to date from the Declaration monitoring indicators but, taking into account other evidence, arrive at somewhat more insightful findings.

tory performance under this commitment, and there is no simple yardstick. Nonetheless, half of the evaluations find various degrees of strengthening in the consultative and participatory foundations of the development strategies since 2005, with Declaration-type practices and donor/agency engagement being of some help. The picture emerging in the other half of the evaluations is unclear, mixed or static.

The Bangladesh report outlines some representative findings, and important sub-themes and complexities.

*'An inclusive consultative approach was followed to cover all types of stakeholders from different regions of the country, like people's representatives including members of local government bodies, government officials, civil society members, NGOs, private sector representatives, academia, researchers, representatives of women, children, the weak and vulnerable groups etc. While an inclusive consultative process for developing national strategies has been well established, there is, however, virtually no consultation with the beneficiaries and other stakeholders in formulating individual development projects. Despite some progress, foreign aided projects continue to remain mostly donor driven and designing and preparation of such projects are often donor led. Particularly, technical assistance projects, many of them aiming to reform the existing country systems are undertaken at the initiatives of the donor without having consultation with the stakeholders. As a result, such projects suffer from lack of ownership and are often not demand-driven.'* (Bangladesh p.21)

Where national development strategies have been cast at a broad level of priorities, donors/agencies have had an easier time demonstrating the compatibility of their programmes with those strategies, although there have been instances of major shifts to follow partner country leadership.<sup>64</sup> Where countries have translated their priorities fairly systematically into prioritised programmes, linked to medium-term expenditure frameworks and annual budgets, their leadership has mostly been strong enough to secure donor support and adjustments, at least over time. Where country leadership at the operational level has not been as strong, donors have been left a wide margin to interpret national priorities, although national leadership and donor responsiveness are sometimes found in particular sectors.<sup>65</sup>

In terms of supporting country ownership, from the headquarters perspective, all of the donor/agency studies and other donor sources can point to continuing or intensified

work to be guided by the countries' strategies in shaping their programmes. However, this engagement can range all the way from simple consultation in preparing the donor's country assistance strategy to full participation in country-led Joint Assistance Strategies.

The donors' commitment to help countries strengthen their capacities for strategic leadership can involve:

- direct support to strengthen these functions in government;
- participation in forums and processes that encourage country leadership (including the national consultative processes);
- actually making adjustments in their programmes as required; and
- implementing other Declaration commitments designed to ease the complexities and burdens on countries in exercising leadership and helping to build their capacities 'by doing.'

The evaluations and studies have shown considerable donor engagement on point 2 above, and less on points 1 and 3. The record on implementing other Declaration commitments (point 4) will be further analysed in the following sections.

## II. Increased alignment of aid with partner countries' priorities, systems and procedures, help to strengthen capacities (mainly donor/agency initiative/responsibility)<sup>66</sup>

**Findings:** While there is no evidence of backsliding, the pace has been mostly slow and the distances travelled by donors in aligning their aid vary by donor, by country and by the different aspects of alignment involved. In terms of help to strengthen countries' capacities, these evaluations point to significant efforts, but not notably well-coordinated or harmonised ones, and with limited measurable results to date.

From the country end, 17 of 21 evaluations find evidence of moderately increased alignment of donors' overall aid with country priorities.<sup>67</sup> At the same time, seven of the evaluations find that the strategic country priorities are not yet clear or constraining enough to prevent donor 'cherry picking' and favouring 'donor darlings' or pockets of strength in the country administration. The differing time horizons and programming cycles for country and donor strategies is a significant problem for alignment.

<sup>64</sup> For example, Bolivia. Ghana and Samoa all report increasing aid flows behind new national priorities.

<sup>65</sup> Mozambique referring to health p.66. Other examples include water in Uganda, Education and Health in Nepal (though not in other sectors), the environment sector in South Africa, where results are cited as being (according to interview data) directly attributable to the Declaration, p.37.

<sup>66</sup> Results on this expected outcome interact especially with expected outcomes iii, x, 10b, and xi.

<sup>67</sup> This evidence of policy compliance is more robust than in the Phase 1 findings of 2007.

The following findings from two reports represent a number of evaluations' findings on progress and obstacles with regard to the greater alignment of aid<sup>68</sup>:

*'The review finds that there has been a significant improvement in alignment of projects with Ghana's development strategies. Nevertheless, off-budget and off-plan activities still remain, indicating lack of alignment with Government of Ghana priorities and systems. Whereas Ministries Departments and Agencies lack capacity to plan, Development Partners are also limited by their own institutional arrangements and procedures. Thus although a new aid landscape is being witnessed, aid effectiveness challenges still remain. Challenges with country systems and non-use or partial use by donors due to mistrust has undermined country systems.'* (Ghana p.61)<sup>69</sup>

*'Alignment is happening in terms of improvement and increasing use of systems, which is without doubt positive for government, but is still partial, and without a clear strategic vision from government, alignment to government priorities remains an exercise in picking the parts of government plans that suit the country programme of each agency.'* (Mozambique p.32)

Across evaluations, programme-based approaches, joint assistance frameworks and multi-donor trust funds are identified as helping strengthen alignment. A minority of the evaluations finds increased alignment with the budget or 'on-budget' shares of aid; in some cases driven by the partner countries' own stronger reporting requirements. Several evaluations also report a concern about the large volumes of aid and numbers of activities supported through non-governmental organisations being off-budget and/or unreported.<sup>70</sup> Others, such as Colombia and Vietnam, note that measuring alignment in relation to reporting on the national budget is misleading in not capturing the range of delivery channels that cooperation agreements may reflect, such as decentralised mechanisms, and that ministries may face major hurdles in putting aid through the budget.<sup>71</sup>

The continuing prevalence of project implementation units is noted in the Senegal and Vietnam evaluations but in neither case is this simply seen as a result of donor non-compliance. More generally, the reliance on these units does not emerge from the Evaluation as either a simple issue or a burning one. It is not easy to distinguish the 'parallel' units that can have negative effects on country systems, and there are many

68 The material in the following paragraphs draws out some of these obstacles from the available evidence. They generally mesh with the findings from a number of donor studies about a focus on compliance and a risk-averse culture, as well as the over-centralisation of many donors' systems and decisions, running counter to alignment.

69 See also Zambia p.35.

70 E.g. South Africa, Malawi; see also Benin p.65, Nepal p.42.

71 See particularly Vietnam p.22.

grounds for countries as well as donors to want to continue to use parallel structures.<sup>72</sup> As found in Phase 1 of this overall Evaluation, the study on the African Development Bank documents a conclusion that is also relevant to a wide range of donors' and partner countries' project implementation units and to using the reduction of these units as a Monitoring Survey indicator of progress:

*'The Bank's treatment of [reducing] project implementation units as a compliance issue has led to apparent solutions that do not really address the underlying capacity constraints. As the examples ... show, the problem can only to some extent be addressed through capacity building.'* (African Development Bank, para.64)

On the negative side of the ledger, a large majority of the evaluations find only limited if any overall increase by most donors in the use of country systems and procedures, notably financial and procurement systems.<sup>73</sup> Half of the evaluations find that the limited use of country systems is mainly explained by a continuing lack of confidence by donors in those systems and/or concerns about prevailing levels of corruption, as well as concerns that country systems can still be slower and more cumbersome than those of donors. In several instances, the general donor reluctance was reported to be unchanged in spite of considerable effort by governments and/or positive, objective assessments of progress. Other examples of donor reluctance or pullback were linked to specific disputes, for instance about a government change in applying procurement requirements.<sup>74</sup>

In terms of help by donors for capacity development to strengthen country systems, half of the evaluations included substantial findings, beyond the specific area of help with public financial management and procurement which is treated in the following section. These evaluations point to

72 This is an illustration of a specific Declaration commitment that may have been too simplistic and dogmatic, especially when backed by a quantitative target in the Monitoring Indicators. See the conclusions of the Vietnam report for a clear critique.

73 Examples include: Malawi, which reports continued limited use by donors despite Government action for improvement. Zambia (agriculture sector) which reports that donors would not use national financial and procurement systems despite Government efforts to improve them; Bangladesh, where the use of Government systems by development partners remains limited despite substantial reforms in Government's procurement and public financial management systems which have drawn on the support of development partners; and the Nepal assessment that 'there has been no progress in the use of country systems since 2005. Whilst the level of use of country systems appears to have increased in real terms this is due to the increased levels of ODA from committed Development Partners. Proportionately all the key indicators remain unchanged and some may have deteriorated' p.43.

74 E.g. in Bangladesh where a disagreement between Development Partners and the Government on the Government's relaxation of certain provisions of the Public Procurement Act 2006 through a recent amendment of the Act, has led to a further decline in the use of the country procurement system in respect to Development Partners placing restrictions on local procurements of the projects they finance (Bangladesh p.22). Also see Zambia in the health sector, footnoted elsewhere, and Mozambique, where perceived governance concerns resulted in a suspension of budget support by donors.



significant efforts, but not notably well-coordinated or harmonised ones, and with limited measurable results to date. The three main explanations provided are:

- the lack of clear country strategies or priorities for capacity strengthening;
- donors' preference for strengthening capacities in their own priority areas; and
- frequent movement of people in key public service posts, frustrating capacity development efforts.

In a few cases, the evaluations find that strong multi-donor support arrangements have led to more coordinated and apparently effective capacity development support. Examples include Malawi, where an OECD/DAC joint venture is developing a common methodology and tools for benchmarking and assessing country procurement and public financial management systems and Benin, where partners including the European Commission, Denmark, the Netherlands and Belgium are working jointly to implement an action plan for improving public financial management systems.

### III. Defined measures, standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary standards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application (mainly partner country initiative/responsibility)

**Findings:** At least two thirds of the evaluations reporting on this outcome find that the countries are moving in the right direction, but mostly slowly. The difficulties in achieving these goals appear greater than presumed and the progress goals set for 2010 leave great room for interpretation of how much progress is enough for donors to actually trust and use country systems. Two countries claimed that this work is done. Of the remaining country evaluations, a third find considerable effort and progress, another third find gradual and uneven progress, and a third find little progress. In all these countries, however, there now appears to be significant internal commitment and momentum. This would appear to suggest digging in for the next stage in a longer journey, learning from success and setbacks and finding the best ways of working towards further step-by-step improvements, with donors using the systems as much as possible to help improve them.

Almost all of the evaluations report sustained efforts (some longer and harder than others) to achieve these outcomes, and different levels of progress achieved.

For all but Colombia and South Africa – where this job is found to be done – work to arrive at 'defined measures and standards of performance and accountability of partner country systems in public financial management, procurement and fiduciary

standards' has been underway since before 2005 and in most appears to have been intensified and solidified since the Declaration, in several cases spurred by demands inherent in modalities such as budget support.

None of the evaluations finds any major backsliding, but as captured in the quote below, all have found that achieving these goals is complex and difficult, working and building in linked stages.

*'Achieving recognised standards of performance and accountability in public sector management has been challenging for Cambodia which continues to suffer from historically weak human resource and institutional capacities, particularly in line Ministries. Public sector reforms (in public financial management, civil service reform, decentralisation and sub-national democratic development, and in the legal and judicial sector) have proven to be challenging and, given the complexity and possible 'reform overload', may only be expected to yield significant dividends in the medium to long term.'* (Cambodia p.34)

At least as important as the technical and management challenges in improving these systems are other powerful obstacles. Corruption is identified in the Benin evaluation as the central 'braking' influence on progress with public financial management, and several others see it a key explanatory factor. Other hurdles identified are limited human and technical capacities, frequent rotation of personnel and the consequences of a range of external crises – food, energy, economic – dominating the attention of key actors.

The Uganda evaluation confidently cites 'tremendous progress' and 'major improvements' in the country's public financial management systems,<sup>75</sup> while five others find considerable effort and progress on a broad front,<sup>76</sup> five find gradual and uneven progress<sup>77</sup> and four find little progress.<sup>78</sup> As to the 'quick and widespread application' of these standards, five evaluations<sup>79</sup> identify the next level of challenges in moving reforms out from the centre of government to wider application in other ministries and governmental levels, and the studies in Mozambique and Vietnam point to clear plans or progress underway.

75 Uganda p.31; Malawi and Zambia also emphasise support to the audit function as a way of generating increased confidence in systems (though neither report on results).

76 Cook Islands, Mali, Mozambique, Samoa, Vietnam. Note that the Mozambique evaluation finds compelling evidence from both government and donors, contesting the relevant Monitoring Survey/Country Policy and Institutional Assessment results.

77 Afghanistan, Bangladesh, Cambodia, Malawi, Zambia (though Malawi reports donor concerns around procurement).

78 Benin, Cameroon, Nepal, Senegal.

79 Afghanistan, Bangladesh, Malawi, Mozambique, Vietnam.



Four evaluations<sup>80</sup> find that the countries have taken account of how complex and long-term these reform tasks are and confirmed a clear multi-year commitment to 'stick with it'. In four others,<sup>81</sup> the evaluations identify a kind of 'second-generation' or booster commitment in the past couple of years, with upgraded approaches and instruments put in place to further advance reforms.

Few of the evaluations include coverage of the expected standard for environmental assessments. One notable exception is the first and second phase evaluations in Bangladesh, where environmental issues featured in sectoral treatments.<sup>82</sup> It is not clear why environmental assessment standards were so little treated elsewhere, although some queries indicated that they were understood as a different kind of standard from the others enumerated in the Declaration.

### 3.5 Building More Inclusive and Effective Partnerships for Development

#### IV. Less duplication of efforts and rationalised, more cost-effective donor activities (mainly donor/agency initiative/responsibility)

**Findings:** Seen from the country level, while the overall direction is right, the pace and distance covered are far behind the implied expectations for harmonisation by this stage, especially considering that major international commitments on harmonisation go back to the Rome Declaration of 2003. Aid fragmentation is still found to be high in at least half of the evaluations. Many experiments are underway, particularly at sectoral or thematic levels, and joint funding arrangements may create a more conducive environment for reducing duplication, although sometimes at the cost of adding complex new processes. Formal 'untying' of aid from their own suppliers is well-advanced for those donors adhering to the Declaration, but specific concerns of *de facto* tying are still identified with these programmes, as well as a general concern that non-Declaration providers continue to tie their aid.

None of the evaluations finds major progress in the achievement of this outcome on harmonisation since 2005 at the country level although all countries record changes in coordination structures (thematic groups etc.). More than half of the evaluations find significant progress in reducing duplication and increasing rationalisation at the sectoral or thematic level, albeit with areas of continuing high fragmentation and few formal 'division of labour' arrangements. The quotes below are representative of a wide range of findings:

80 Cambodia, Cook Islands, Mozambique, Vietnam.

81 Afghanistan, Bangladesh, Benin, Zambia.

82 Also addressed in Colombia and South Africa.

*'Government feels that donors are currently not fully recognising their comparative advantages or working together to fully utilise the potential gains of streamlining their activities.'* (Malawi p.34)

*'The PD has improved donor harmonisation as evidenced by the Joint Assistance Framework and the Division of Labour in the health sector. However, most development partners are caught between working collectively at country level and responding to differing priorities and concerns of their Headquarters. Inevitably, pressure remains on some development partners to retain direct accountability of their aid. The continued fragmentation of aid modalities in the health sector places a huge administrative burden on sector capacity and is a reflection of development partners' lack of trust and confidence in national systems.'* (Zambia p.xii)

The situation with reducing duplication and rationalising donor activities is still not simple and neither is it entirely bleak. The Uganda evaluation<sup>83</sup> finds that the process of rationalisation of donor efforts was already strongly in place before 2005 under government leadership, and five other reports<sup>84</sup> also find government leading in these efforts, while the Colombia and Vietnam reports do not find significant progress. The Bolivian evaluation finds at least a broad 'division of labour by default' between different multilateral agencies and the active bilaterals.<sup>85</sup> Some evaluations<sup>86</sup> as well as European donor studies raise significant experience and expectations around results from the European Union (EU) Code of Conduct on Complementarity and Division of Labour of 2007 and its fast track initiative in 2008. However, the EU monitoring reports suggest that division of labour efforts are still mainly promoted by donors, which may help explain why they appear to be more effective in sectoral areas

83 However, see the caveat 'Commitments to donor harmonisation have been more difficult to achieve with division of labour among international organisations proving to be more complex than anticipated. Practical emphasis on joint assistance strategies has been limited even when the government developed the strategies and is working towards enhancing them. The lack of consensus among development partners on the ideal mode of funding remains one of the most stumbling blocks to successful implementation of the PD in Uganda', p.61.

84 Bangladesh p.26 refers to the mutual commitment within the Joint Cooperation Strategy to achieve donor complementarities under a Government led initiative. Up to now Government, constrained by capacity limitations and the absence of a clear policy/strategy, has not been able to demonstrate any effective lead role in achieving increased use of donor complementarity. As a result this has remained a matter left to the donors themselves.

85 Bolivia p.57.

86 Bolivia, Cameroon, Mozambique, & Senegal. The Mali evaluation notes that 'the group of donors engaged in the division of labour are members of the European Union, who are thus setting an example by respecting the EU Code of Conduct of the 15 May 2007' p.20.

than at the broad strategic level.<sup>87</sup> The UN Development Assistance Framework for UN agencies is also cited as an actual and potential influence for harmonisation.<sup>88</sup> A good number of multi-donor forums, trust fund arrangements, sector wide approaches and other programme-based approaches have all helped improve rationalisation where they have been put in place. On the other hand, five evaluations find<sup>89</sup> that they are not necessarily reducing workload or 'transaction costs' particularly for the donors involved.

As a cross-check on the country results, key findings reported in the recent donor/agency studies and updates yield a mixed picture with respect to reduced duplication and more rationalised donor activities. Five studies/updates (in Austria, Australia, African Development Bank, the US and New Zealand) suggest very limited progress and a continuing fragmentation of programmes and proliferation of programme modalities, while the Ireland study still finds some degree of fragmentation. In two other cases (the UK and the Netherlands) the increased use of programme modalities is credited with improvements, and the Australian update indicates that the use of delegated cooperation among donors is growing in its programme as a tool for scaling up its funding. There are few other references to this in the evaluations or studies.

The few substantive explanations offered in all the reports for limited progress emphasise donor headquarter insistence on their distinctive channels for reasons of visibility and/or because of political sensitivity and inter-ministerial engagement at home, particularly in security-related assistance. The Vietnam evaluation specifically finds that the government is ready

87 The monitoring of the EU fast track initiative on Division of Labour (DoL) covers 28 countries with the following relevant here: "(9) DoL seems to be a process which is promoted by donors. Most partner governments approve progress triggered by donors but only rarely take an active role in steering the process. There has been little progress in strengthening partner ownership of DoL since the last monitoring. In countries where the EU Code of Conduct [on Complementarity and DoL] has been the starting point and major vehicle of the DoL process, non-EU donors do show limited interest in DoL. Reasons for this might be twofold: the Code of Conduct gives no clear guidance on how to actively integrate other donors into the EU driven process and certain bilateral and multilateral donors with broad aid portfolios are hesitant to engage in DoL processes. Contrary to the international agreement on division of labour in the Paris Declaration, the Accra Agenda for Action and the Good Practice Principles on Country-led DoL, some multilaterals claim at the country level that their statutes impede their involvement in DoL processes." Buercky, U and Knill, P (2009) *2<sup>nd</sup> Monitoring Report of the EU Fast Track Initiative on Division of Labour*, A Product of the EU-Technical Seminar on Aid Effectiveness, 30 November 2009. The evaluation in Bolivia also finds that while such a DoL forum is in place, there is little government engagement or ownership in the process, which has constrained progress.

88 Cameroon and Malawi though see the critique in the Benin report that despite the UNDAF, planning of individual agencies continues in isolation, p.43.

89 For example the Zambia report provides strong evidence of the challenges encountered in a Government led effort through the Joint Assistance Strategy for Zambia to drive DoL and rationalisation within sectors. The evaluation on the African Development Bank cites the 'sobering' findings from the joint evaluation of the JAS in Zambia. The report also notes that although the Bank had participated in Joint Assistance Strategies in eight countries, 'The process of joint strategies has recently lost momentum' and the Bank has re-focused on preparing its own country strategies.

to accept the costs of donor duplication as part of the price for valued political relationships. This may well be a broader tendency, as other evaluations have testified to the partner countries' reluctance to impose harmonisation measures or a division of labour among donors.

As one conceptual and methodological input to the Evaluation in February 2010, one of the specialised task teams of the Working Party on Aid Effectiveness offered an analysis and suggestions for pursuing the theme of 'Division of Labour among Donors: An Approach to Harmonisation'.<sup>90</sup> More work in this area is expected to feed into the High Level Forum in Korea. In the current Evaluation, few of the evaluation or donor/agency reports were able to go deeply into these questions, but the limited progress shown in the Evaluation results with alignment and country-led harmonisation suggest that much further effort on more active harmonisation is required.

*Untying:* Half of the country evaluations report findings on the untying of aid. The Benin evaluation reports that basically all aid is untied, and the Mali and Bolivia studies find that further progress is being made. The Bolivia report reflects the high variability that remains among donors. A quarter of the evaluations raise questions around the statistics showing that tied aid is either eliminated or further reduced, citing the following findings:

- Much technical assistance and food aid remains tied.
- It is unclear whether the tying of aid at the sub-national level is properly reflected.
- It is questionable whether the relevant untying (and alignment) statistics can capture the different channels and types of aid that are so large and important with security-related assistance in fragile situations.
- The statistics on untying relate only to DAC donors, so that major shares of Non Governmental Organisation (NGO), Chinese and Arab Fund aid are not included.

Of the donor/agency studies and updates, only Ireland and the Netherlands reported significant findings on the untying of aid, citing the Monitoring Survey results. It appears that the donors/agencies mainly count on the partial changes finally negotiated in 2001 and the monitoring systems in this area to report on progress and sustain momentum. The box below provides the gist of the findings of a thematic study completed in 2009. The results, supported by a set of country and donor cases, are consistent with the findings from the evaluations.

90 This study, by the Task Team on Division of Labour and Complementarity was posted on the Evaluation Extranet site for comment and potential use by Evaluation participants and on the Paris Declaration Evaluation page of the DAC website. See also the *2009 OECD Report on Division of Labour: Addressing Fragmentation and Concentration of Aid Across Countries*, OECD/DAC.

**Box 2. Untying Aid: Is It Working?**

'The overall picture is very positive in terms of progress by DAC donors in the formal untying of their aid.... The changes over the past 10 years indicate that the 2001 Recommendation on untying of aid, together with other international agreements such as the Paris Declaration, have had an overall positive impact on further untying aid. But there are important qualifications.'

**Exclusions:** Free-standing technical cooperation and food aid (the latter now explicitly tied only by the US) were excluded from the Recommendation and both remain significant 'grey areas'. Also outside the Recommendation were: emergency and humanitarian aid both in-kind and through personnel, channelling of aid through NGOs, support to governance, post-secondary education, re-search and Business to Business assistance.

**De facto practice:** Many informants raise questions about the genuineness of the declared formal untying of aid. Changes in policy and regulations may allow the sourcing of goods and services outside of the donor country but, in practice, are there still sufficient obstacles that aid remains de facto tied? Two forms of statistical evidence indicate a presumptive gap between the formal declared untying of bilateral aid and actual practice, which implies a considerable element of intended or unintended de facto tying.

'The country study evidence suggests that the obstacles to untying are now for most DAC members not to the formal process of untying, but to reducing or even removing intended and unintended tying practices.'

Source: Excerpted from the summary of the 2008-09 special study for OECD and the Paris Declaration Evaluation, pp. vi-viii.

#### V. Reformed and simplified donor policies and procedures, more collaborative behaviour (mainly donor/agency initiative/responsibility)

**Findings:** Seen from the country level, significant, in some cases substantial, forward movement is found in half of the country evaluations, mostly at a slow pace still, but with encouraging exceptions. While the drivers are varied, they mainly revolve around joint assistance frameworks of various kinds, different levels of programme-based approaches, and other types of multi-donor joint funding. Evidence suggests that these forward steps may be self-reinforcing, encouraging further collaboration.

The Declaration framework has been conducive to strengthening these processes but there is no evidence yet of reduced 'transaction costs', and some evidence of persistent double

burdens. There are also suggestions in several evaluations that, depending on how they are implemented, multi-donor arrangements can sometimes result in additional delays, demands and rigidities.

Although this is another area where donor/agency initiative is central, and country evaluations would not capture detailed changes inside donor administrations, the country evaluations yield informed assessments from the field staff and country stakeholders who directly administer or are affected by donor policies and procedures. The reports offer examples of collaborative measures, trends in collaborative behaviour among donors, and variations in their performance. The assessment in the Benin evaluation is one of the more positive overall, but raises common themes:

*'Since the signing of the Paris Declaration in March 2005, many donor policy and procedural reforms have been made in Benin. These reforms are especially noticeable with regard to donors that are OECD members and PD signatories. These reforms involve these donors' ever-growing commitment to the use of measures such as budgetary supports and programme-based approaches, even though certain donors are still reluctant. ...In addition, the donors have improved their procedures, reducing the number of field missions and diagnostic studies likely to duplicate work. ...Notwithstanding this progress, reluctance is noted in the field (use of plans, joint missions and joint analytical work) in implementing the Paris Declaration where certain donors are concerned, notably China and Arabic funds.'* (Benin p.47)

*'[Despite a range of initiatives]... this principle is still hurt by the following facts: donor policy and procedure reforms dependant upon government leadership; donors' reluctance to set up trust funds financed by multiple donors.'* (Mali p.47)

Overall, the greatest spur to more collaborative behaviour and simplified donor policies and procedures, and also the strongest source of evidence that it is happening is the experience with joint assistance frameworks of various kinds, different levels of programme-based approaches and other types of multi-donor joint funding. Taken together, these instruments are credited with substantial contributions to this outcome in four-fifths of the evaluations analysed, although many add that participation varies widely for different donors. In most cases, it is apparent that the wider awareness and encouragement of these instruments through the Declaration framework has been conducive to strengthening processes that had begun on a narrower base.<sup>91</sup> At the same time, project aid remains prevalent and several evaluations specifically cite its advantages for countries, such as faster disbursement at sector level. In other cases, donors are found to insist on project

<sup>91</sup> One third of the evaluations find reformed and simplified donor procedures in less extensive examples of sectoral arrangements and multi-donor trust funds, while another third cite little or no evidence of significant change in simplifying policies and procedures or more collaborative behaviour.

approaches where they are not ready to rely on government systems.<sup>92</sup>

The Samoa and Uganda evaluations report a far-reaching strengthening of collaborative behaviour between government and donors over the period since 2005.<sup>93</sup> This improvement extends from close alignment between the respective development strategy and assistance frameworks, and is supported by the use of programme-based approaches (if not comprehensively) and by agreed monitoring frameworks and systems that appear to be actually linked to a basis for 'clear and transparent' disbursement decisions (as hoped for in the Declaration). In both cases, this strong base appears to provide further incentives to harmonise procedures and collaborate to work out problems, although one of these evaluations raises questions about whether the system will be sustainable. In the Cook Islands, two traditional donors have moved to one of the most harmonised joint programmes anywhere. As a result, however, when their joint focus changed, the government felt the need to access new aid providers in areas they were not covering.

In four other evaluations, joint strategic frameworks of different types have been important – successful in three countries (Zambia, Malawi and Vietnam) and requiring revitalisation in another (Bangladesh). Enhanced collaboration among UN agencies via the 'One UN' process is also noted in Vietnam and Malawi. In particular, the UN Harmonised Approach to Cash Transfers is cited in Malawi (as it was elsewhere in Phase 1) as a reformed and simplified way of managing the transfer of resources from the UN system to local systems, while continuously assessing risk with the local systems with the view to addressing them.

In spite of this moderately positive set of findings in a majority of the country evaluations about improvements in collaborative behaviour and some simplification of donor policies and procedures, a cautionary element also emerges. With one exception<sup>94</sup> there are no clear findings of reduced administrative burdens ('transaction costs') in managing aid for either governments or donors and several evaluations specifically note that they find no reductions. The Malawi evaluation by contrast documents a number of the expected benefits:

*'the formation of the Common Approaches to Budget Support, which has facilitated the collaboration of donors in aid delivery, has largely reduced the relational complexities that the Government had with the donors. This arrangement has lessened the strain that the government machin-*

92 See Malawi p.35 for example.

93 Though the Uganda report also notes that 'Nevertheless, some donors still make only limited use of Programme-Based Approaches; further progress on this aspect of harmonisation would be welcome.' p.35.

94 The Malawi report finds reduced burdens though the simplification and reformation of donor procedures and policies, which has contributed to improved quality and timeliness of government reporting on aid disbursement and reporting, p.35.

*ery had especially in meeting the demands of individual donors. Under these arrangements, government is not supposed to produce a multiplicity of reports with different reporting formats as demanded by each individual donor. This simplification and reformation of donor procedures and policies has contributed to the quality and timeliness of government reporting on aid disbursement and reporting.' (Malawi p.35)*

The Vietnam evaluation finds simply 'no reductions in transaction costs' on either side in a fairly strong collaborative model, and in fact refers specifically to where more transaction costs have been introduced<sup>95</sup> and the Zambia study finds it still unclear whether this burden has been lessened. The Senegal report finds possibly increased burdens for both government and donors, certainly new demands for specialised expertise and coordination work, few solid examples of progress, but still a greater openness by donors to collaboration.

Evaluations in three countries with relatively developed collaborative systems have suggested that the ways in which the Declaration and aid effectiveness have been implemented have led to an apparent rise in aid management 'transaction costs' (especially but not only for donors) creating a kind of 'backlash.' The Mozambique report says:

*'the heavy coordination machinery in [country]... around the [donor coordination group] and the Performance Assessment Frameworks (PAFs) used to assess Government and donors has led the majority of donors to complain that the cost in terms of time and resources of working on common approaches is higher than that incurred when operating bilaterally.'*<sup>96</sup> (Mozambique p.38)

Half of the evaluations touch on two other aspects of increased collaborative behaviour, those that were selected to make up Indicator 10 in the Monitoring Survey, namely increasing the shares of country analytical work and field missions that are conducted jointly by donors. The evaluations have little new to add to the citation of the first two rounds of Monitoring Survey results on these issues, although four outline the measures taken by the government to limit missions, not always successfully.<sup>97</sup> The Senegal report finds that with more than 300 missions a year, the mission load

95 Vietnam p.30.

96 See also Cambodia and Uganda, 'Transaction costs remain high and these are associated with demands Development Partners are continuing to place on Government in terms of time, reporting needs, and use of the resources through numerous missions and meetings. Although coordination of missions has improved with a larger proportion of missions being carried out jointly and with good coordination, the improvement is not large enough to equally significantly reduce the absolute number of missions that are uncoordinated' p.65.

97 See Zambia p.27, 'Cooperating Partners (CPs) continued to make separate missions even during the mission-free period. One of the major challenges among CPs for poor performance in this area is the continued desire by CPs to remain visible by "raising their flags".'



on the government is still far too heavy, but an independent analysis<sup>98</sup> is cited in another evaluation as showing a general improvement in this trend in Africa. On joint missions and analysis, a good example of practical progress<sup>99</sup> is in the Netherlands, where a system has been set up enabling embassies to signal missions and analytical work initiated by headquarters departments that have not been properly coordinated.<sup>100</sup>

**VI. More predictable and multi-year commitments on aid flows to committed partner countries [Has the nature of conditionalities been changed to support ownership in line with the Accra commitment] (mainly donor/agency initiative/responsibility)**

**Findings:** While progress has been mostly slow, half of the evaluations find improvement in aid predictability,<sup>101</sup> substantial for some donors. In the other evaluations, a mix of factors – not all under the control of donors – impedes progress. Initiatives are spreading by countries to set up or strengthen their own tracking systems, with a prospect that they will induce at least more complete and transparent reporting by donors, as they have in existing cases where such platforms have been set up. (See also Outcome X)

The most important explanation given for these improvements is found in the multi-year frameworks provided by more donors. In several cases, more multi-year support has been expedited by a budget support protocol with several major providers. Declaration expectations, especially when combined with joint donor arrangements, can add peer pressure for donors to meet commitments on predictability.<sup>102</sup> Different evaluations note that the multilateral agencies have been making multi-year commitments since well before 2005, and would like to see bilaterals move to similar three-year cycles. It was also noted that the ‘emerging donors’ do not make multi-year commitments. Two donor countries have been prominent in attempts to advance multi-year pre-

98 By the African Forum and Network on Debt and Development (AFRODAD).

99 The Asian Development Bank reports progress on Joint Field Missions in 2009 accounting for 53% of all missions, up from 40% in 2008 (ADB update).

100 Netherlands p.15.

101 Although some of these rely almost exclusively on the first two rounds of Monitoring Survey data for the factual base.

102 The Malawi report claims that ‘much of the improvement in predictability of aid flows can be attributed to Paris Declaration (PD) implementation as a result of several factors, including (a) increased peer pressure within the Common Approaches to Budget Support (CABS) for the members to meet their commitments, leading to a more coherent joint responsibility among the CABS members, (b) the pooling of donor money under the CABS and also the simplification of reporting procedures under the PD, thereby enabling government to submit most of its reports in time and ensuring a more steady and predictable flow of funds, and (c) reduced multiplicity of reports, reporting procedures and formats under PD’; p.36.

dictability, while reconciling it with parliamentary allocation processes<sup>103</sup>:

*‘[The UK’s] DFID has been particularly innovative in paving the way for increased predictability in some of its partner countries through the use of ten-year Development Partnership Arrangements (DPAs) ....To date, the UK has limited its use of ten-year DPAs to nine countries in which it sees bilateral cooperation to be particularly important over the medium to long-term. In common with other donors, the degree to which such instruments offer a firm and credible commitment of future aid is limited by the domestic resource allocation process – in the UK’s case, the three-year non-rolling Comprehensive Spending Review. ... DFID has instructed its offices in countries covered by the Public Service Agreement to give rolling three-year resource indications where it provides resources through government.’ (DAC Peer Review of the UK, 2010 p.78)*

*‘New Zealand has increasingly moved towards five to ten-year programming frameworks for partner countries, alongside three-year allocations. The New Zealand legislature sanctions annual budgets with inbuilt flexibility to rollover over-spends of up to 10% and under-spends of up to 20%. This level of flexibility is much higher than for most other donors, and provides for a good balance between predictability and flexibility.’ (DAC Peer Review of New Zealand, 2010)*

The evaluations note several problems with data on the predictability of aid. The Indonesia study finds relative stability in terms of multi-year commitments but with a major discrepancy between OECD and government figures on disbursement.<sup>104</sup> The Bolivia report finds that using the aggregate data from the Monitoring Survey indicator masks wide variability among donors.<sup>105</sup>

A third of the evaluations find timing problems. The most common are delayed disbursements, in some cases related to implementation capacity or ‘over-optimism’ by the country, in at least one other attributed to ‘difficult’ donor relations after a period of suspension of funds that resulted from allegations of theft. For Mozambique, the reasons for delayed disbursement or delivery on pledges are not clear, and the Bolivia and Benin studies report that even having aid committed through multi-year frameworks has not shortened disbursement delays.<sup>106</sup> Knowing allocations in time for budget preparation is another concern raised.

103 The Australian update for Phase 2 of the Evaluation notes that multi-year predictability of aid commitments is also being strengthened at the regional level through the Pacific Partnerships for Development framework.

104 Indonesia p.60.

105 Bolivia p.49.

106 E.g. Malawi, where limitations in disbursements are linked to ‘low absorbing capacity of government institutions, the macroeconomic and portfolio performance of the country, the impact of recent economic and financial crisis within a donor country and governance issues’; p.37.

Four evaluations<sup>107</sup> find significant reporting concerns in obtaining adequate information from donors to mesh with budget figures and to reflect funding through NGOs. One of these countries has launched a new reporting platform and another is at the planning stage, and one of the stronger systems credits its multi-year indicative financing framework with helping to track and improve predictability.

*Conditionalities.* The concept of conditionalities as such is not prominent in the evaluations, and only a third<sup>108</sup> of them explicitly raise findings on changing conditions, in response to a specific question in the common Matrix. In general, while the Bolivia evaluation finds general agreement in its country survey that conditions are now more flexible and are agreed more transparently,<sup>109</sup> and Vietnam cites an important and highly positive model<sup>110</sup> others raise questions about whether the handling of conditionalities is improving as intended. Some examples include:

- donors justifying their conditionalities on flows by pointing to weak prioritisation and unpredictable changes by government (Benin);
- additional conditions (some political) being added to an agreed assessment framework, with a later suspension calling into question the credibility of donors (Mozambique);
- conditions being re-organised rather than reduced (Mali);
- conditions on disbursement considered a more serious problem than policy conditionalities (South Africa); and
- conditionalities dealing with procuring consultants/materials from donor countries 'triggering the opinion among the government officers that all aid is tied' (Indonesia).

Apart from the innovative efforts by the UK and New Zealand to improve multi-year predictability noted above, the donor studies and updates do not have extensive coverage of predictability although two (in Ireland and the Netherlands) show limited progress in delivering against spending targets. A number of others<sup>111</sup> report on processes designed to enhance

predictability whilst others<sup>112</sup> refer to some of the reasons for poor performance. One wider initiative worth highlighting is a multi-donor effort through the OECD/DAC to produce an annual 'Report on aid predictability: Survey on donors' forward spending plans.' The latest (third) edition is for 2010 and reports on plans for the 2010-12 period.<sup>113</sup> The reports cover both bilateral and multilateral donor/agencies and reflect the limitations that they face, but they are an important step in combined transparency and predictability as well as a possible tool of peer pressure for continued improvement.

### VII. Sufficient delegation of authority to donors' field staff, and adequate attention to incentives for effective partnerships between donors and partner countries (mainly donor/agency initiative/responsibility)

**Findings:** Progress in general is slow and very uneven, although a few donors/agencies have demonstrated the much faster pace and greater distance that are possible. Only one quarter of the evaluations covering this outcome find general progress. Half of the reports underscore the excessive centralisation of many donors' programmes. This is primarily attributed to lack of political will by donors and a bureaucratic determination to maintain tight control in their headquarters. The finding that few donors/agencies have incentives in place to promote effective partnerships is consistent with this over-centralised approach.

The country evaluations have yielded considerable coverage on this expected outcome,<sup>114</sup> and in this case there is a basis for triangulation with findings from other sources, including a number of the Phase 2 donor/agency studies, Phase 1 studies and the donor updates received, as well as the results of a 2009 DAC survey of 19 members' levels of decentralisation to the field.<sup>115</sup>

The country evaluation results so far support drawing a distinction in the responses between the decentralisation of authority and of capacity to the field, as well as incentives, even though all these factors are interrelated. Interestingly, three evaluations (in Colombia, Benin and Uganda) find little

107 Benin, Colombia, Senegal, Uganda.

108 Benin, Bolivia, Indonesia, Malawi, Mali, Mozambique, South Africa.

109 Bolivia p.103.

110 Vietnam: 'Vietnam's Poverty Reduction Support Credit, launched in 2001, has developed into a model of best practice on conditionality in budget support operations, based on principles which were subsequently reflected in the Paris Declaration and Accra Agenda for Action. The annual conditions take the form of short-term policy actions designed to achieve Vietnam's stated development goals. They are negotiated between Government of Vietnam and Development Partners (DPs) through sectoral working groups, with non-funding DPs able to participate, making the instrument a key platform for policy dialogue on development policy.' p.28.

111 African Development Bank, Australia, Japan, Sweden.

112 Spain p.46, Asian Development Bank, Austria.

113 See [www.oecd.org/dac/scalingup](http://www.oecd.org/dac/scalingup) for this Report and the previous editions.

114 Work in both phases of the Evaluation has underlined the importance of donors/agencies putting in place the capacity to know in depth the contexts in which they are working, to be able to respond in timely and appropriate ways, and to coordinate and harmonise their actions with different parts of their own administrations (policy coherence) and with others (harmonisation). These capacities are stressed in the Paris Declaration itself.

115 OECD (2009) *Survey on the levels of decentralisation to the field in DAC Members' development cooperation systems* DCD(2009)3/FINAL 26 May 2009 [See International Partnership on Managing for Development Results Report on pilot of incentives self-assessment tool WP EFF].

delegation of authority to donor field staff, but increased levels of capacity on the part of field and/or local staff.<sup>116</sup> The Cameroon study explicitly finds that donors need to refer to headquarters for all decisions, be it for commitment of funds or reallocation of resources.

Ten evaluations stress that levels of delegated authority and capacity vary greatly among different donors/agencies, and six<sup>117</sup> include their assessments of some of the donors that have advanced most and least on this front.

Five reports find modestly increased levels of delegated authority and a somewhat stronger scaling up of field capacity. Ten evaluations<sup>118</sup> find little change, and nine of those find that donor systems are generally still far too centralised on headquarter decision-making, with negative implications for implementing the Declaration principles. The Senegal evaluation finds that the situation is actually getting worse, with greater delegation of work to donor field staff, without the accompanying delegation of power needed to carry it out.

The observations on decentralisation from the Mali and Malawi reports are broadly representative of the majority of the evaluations:<sup>119</sup>

*'Overall, there is still no evolution in the right direction:*  
 – Headquarters restrict aid in the field;  
 – Missions have little room to manoeuvre in the field;  
 – Certain field operations are subject to restrictions;  
 – Certain decisions made by headquarters for political or geostrategic reasons limit agencies' actions in the field.' (Mali p.29)

*'Except for very few donors such as Norway and DFID, virtually all donors' decisions come from their headquarters, with very limited delegation to Country Offices.' (Malawi p.37)*

The strongest (mostly implicit) explanation within reports for this widespread lack of progress on decentralisation is a lack of political or senior bureaucratic will and a determination to maintain tight central control rather than any fundamental obstacle to putting adequate capacity in the field.<sup>120</sup> Higher administrative costs are also known to be a factor. The Cameroon, Mozambique and Zambia evaluations specifically identify the rapid rotation of donor field staff as a problem or

constraint,<sup>121</sup> with Cameroon observing that rotation in multilateral agencies is less frequent. More decentralised systems are noted – 'DFID and the Nordics' in Malawi and Mozambique, and Australia in Samoa. In the evaluation in the latter country, China and Japan are found to be the most centralised provider systems also reducing transparency in their operations.

*Incentives.* One quarter of the evaluations report on incentives for donor staff to work for improved partnerships. One finds the available evidence unclear, while the others find that 'a handful', 'some' or 'many' of the donor agencies with whom they work have built in such incentives. The South Africa evaluation observes that incentives for partnerships can be said to exist at two 'levels' – traditional bilateral aid and foundation driven support, and now stronger incentives with the growth in 'trilateralism'.

*A supplementary source.* The 2009 survey of the level of decentralisation to the field of DAC members' development cooperation systems is a valuable additional source, notwithstanding the fact that it covers only 19 of 24 DAC members<sup>122</sup> and that its findings are the result of self-reporting and not independent assessment. The survey comprised four topics: policy, financial authority, staffing, and roles and systems. The main findings provide quite fine-grained information for the 19 DAC members responding on each of these aspects, including in individual donor country profiles and statistical breakdowns. The overview of the survey report captures the gist of the results:

*'The survey results indicate that all DAC members are attempting to decentralise authority over development cooperation to the field and the commitment to decentralisation has been rising since the Paris Declaration was adopted. This commitment has been expressed in official policy statements by most members, but, as expected, the degree of delegation of authority varies considerably from country to country. The survey shows that in terms of financial commitments and disbursements, there is a wide range of authority at the field level, ranging from none to unlimited. The share of staff between headquarters and the field also varies widely, as does the ability to formulate and approve strategies, programmes and projects.'*

*All of these findings suggest that some members are more decentralised than others. Differences are due partly to political will, previous level of centralisation of each member's development aid system, the complexity of management systems (number of ministries in charge of policy and operations, existence of separated implementing agencies), aid volume and number of partner countries. Despite their differences, all members face three main challenges when decentralising:*

116 Uganda cites the case of World Bank decentralisation, and Benin reports increased levels of capacity to offices but with decisions still being made at headquarters.

117 Bangladesh, Indonesia, Malawi, Mozambique, Samoa, Uganda.

118 Benin, Cambodia, Colombia, Cook Islands, Indonesia, Malawi, Mali, Nepal, South Africa, Zambia.

119 For other examples see Cameroon p.46 and Zambia p.28.

120 On the other hand, the Malawi evaluation reports doubts on the capacity of field actors to handle more authority.

121 This concern is also reflected in some self-critical analyses by donor agencies. See DFID 2009k, p.73.

122 Not taking part were: Greece, Korea, Spain, Sweden, and the United States.



- *clearly defining the division of roles and responsibilities between headquarters and field offices;*
- *adapting management systems to support the decentralisation process;*
- *meeting new demands in terms of human and financial resources.'*

The overview adds that 'figures on financial authority and staffing give an indication of the levels of decentralisation, but other factors such as the efficiencies of systems and the level of bureaucracy would also have to be factored in for a fuller picture.' Bearing this caveat in mind, it is useful to note the results on these two key measures and cross-check them against the findings in the country evaluations and donor/agency studies.

The survey results reveal that the 10 donors with the highest levels of *disbursement* authority in the field are: Norway, Netherlands, United Kingdom, Denmark, Australia, Belgium, the European Commission, Ireland, Switzerland<sup>123</sup> and France – with the first five also having the highest levels of *commitment* authority in the field. The 10 donors with the highest shares of expatriate staff in the field relative to headquarters are the European Commission, France, Denmark, Germany, Netherlands, Japan, Finland, Norway, Ireland and the United Kingdom.

The differences between these two measures of decentralisation, even setting aside the different patterns of local staffing, testify to the distinctive models of management applied by donors. Nonetheless, the prominence of several donors in both categories – notably Norway, Netherlands, United Kingdom, Denmark, Australia and Ireland – is consistent with specific mentions of them in country evaluations or evidence in country studies of advanced practice in effective decentralisation. There is less evidence relating to other donors found in both categories or close to them. Taking the same measures as broad indicators (and applying the same caveats) a number of highly centralised systems also emerge in this group at the other end of the spectrum, with both very limited financial authority and very limited expatriate staff capacity in the field. They are Austria, Canada, Italy, Luxembourg, New Zealand and Portugal.

Finally, the country studies and updates produced for this Evaluation generated the following findings, which cover some donors not included in the DAC survey – notably Spain, Sweden and the United States – as well as updating information on some others. Of the 14 donor headquarter studies and updates reviewed, five studies report positive changes in the level of delegated authority to country level in response to the Declaration<sup>124</sup> while Austria and the US report no change in delegated authority.

<sup>123</sup> Information about Switzerland's decentralisation relates mainly to Swiss Agency for Development (SDC). The State Secretariat for Economic Affairs (SECO) has not started a structured process of decentralisation yet.

<sup>124</sup> Asian Development Bank, Australia, Ireland, Japan, UK.

In terms of decentralisation, findings so far show a continuum of progress, as follows:

- from donors whose high levels of decentralisation are perceived as adequate to meet Declaration commitments (Denmark and Australia);<sup>125</sup>
- to self-reported high levels of decentralisation constrained by headquarter decision-making on e.g. Division of Labour (the Netherlands);
- to donors which are aiming to decentralise but where progress is slow (Spain and the African Development Bank<sup>126</sup>);
- to donors which remain fairly centralised, particularly in terms of decision-making (Sweden, New Zealand);
- through to those which remain highly centralised (Austria and the US).

The studies and updates, like the DAC Survey, report on some of the organisational and technological obstacles to decentralisation and delegated authority cited by donors.

The overall evidence from the country level does not support the following strongly positive interpretation put on the DAC Survey results on decentralisation, apart from the fact that the issue has had a higher profile since 2005.

*'DAC member agencies have made, and are continuing to make, strong efforts to decentralise their development cooperation systems. Although some members had begun decentralisation prior to the Paris Declaration, the Declaration appears to have had a galvanising effect leading to increased decentralisation efforts and ensuring the issue has a high profile.'*<sup>127</sup>

The main difference in these findings may arise from the different perspectives of the partner countries, pressing to see tangible progress on decentralisation, and donor/agency headquarters, painfully aware of the many practical obstacles to overcome and issues to manage. Nonetheless, the evidence from both the evaluations, donor/agency studies and the DAC survey is consistent in showing that a number of donors/agencies have long since managed to resolve these challenges. The evaluations also share a consistent finding that these donors/agencies are more effective as a result.

<sup>125</sup> Australia has an approach whereby 'the extent of devolution depends on the size and location of country programs, with management tending to be less than fully devolved to smaller offices' Australia p.6.

<sup>126</sup> "Decentralisation reform is seen as single most important factor affecting the Bank's performance on aid effectiveness by both staff and partners in regional member countries (see staff survey, Annex 5), but slow progress means that delegation of responsibilities is still ongoing and the scope for effective engagement at country level remains limited.' (Para 16).

<sup>127</sup> OECD (2009) *Survey on the levels of decentralisation to the field in DAC Members' development cooperation systems* DCD(2009)3/FINAL 26 May 2009.

*Policy coherence:* All the donor/agency studies have documented the long distance still to go to improve policy coherence in dealing with partner countries, particularly through donor systems with multiple organisations, and in fragile situations where developmental, security and political interests and agencies come most strongly into play. This finding is consistent with those from donor/agency studies and updates. These show that most donors are still searching for mechanisms to ensure an informed and balanced government-wide handling of the range of policy issues that affect development in partner countries, taking into account the diverse national and institutional interests at stake. Those donor systems where multiple institutions maintain major distinct aid operations are shown to be struggling to strengthen coherence even among their aid programmes, let alone in wider policy areas. At the same time a positive finding in the Japan study deserves to be highlighted. The major rationalisation underway in the Japanese aid system, the fifth largest bilateral aid programme in the world, offers a serious prospect that even deeply rooted institutional interests and obstacles to coherence may be overcome. These fundamental structural changes – with major milestones in 2006 and 2008 – had important internal drivers and were also influenced by Japan’s participation in the international aid effectiveness campaign.<sup>128</sup>

#### VIII. Sufficient integration of global programmes and initiatives into partner countries’ broader development agendas (mainly responsibility of global programmes and their supporters)

**Findings:** Progress towards the sufficient integration of global programmes and initiatives has been mostly slow, with only a quarter of the reporting evaluations indicating progress, and others documenting problems caused and the pressures exerted by the lack of integration of these major programmes.

All but one of the country evaluation reports include findings on this expected outcome. A clear majority<sup>129</sup> finds that this integration of global programmes is insufficient and does not find significant progress in this direction, one-third finds that it is satisfactory.<sup>130</sup> Some come close to questioning the validity of the Declaration’s goal of integration. The analysis focuses on the major health programmes, and the following excerpts reflect the range of findings.

128 Participation in the international campaign for aid effectiveness as a driver for reform is also cited in the Spain study.

129 Cameroon, Colombia, Cook Islands, Ghana, Malawi, Mali, Mozambique, Nepal, Samoa, Vietnam and Zambia raise concerns around regionally funded initiatives and how many donors are attracted to support such initiatives largely because it is more convenient to the donor to spend through such channels.

130 One evaluation finds a mixed picture (Bangladesh), one is very positive (South Africa) while the final findings of another are unclear (Benin).

*‘There is evidence of some integration of global programmes into broader development agendas, with Government of Nepal formally applying for the Global Alliance for Vaccines and Immunisation (GAVI) and other global support based on their strategies. However global programmes have not effectively aligned at the institutional and operational level though GAVI is going to channel its capacity building resources through the SWAp pooled account.’ (Nepal p.52)*

*‘Both Government and donors state that global programmes and initiatives are not sufficiently integrated into the national strategy or national systems. Rather, they tend to take a top-down approach, require dedicated conditionalities and reporting and display a limited ability to integrate with existing initiatives in the country or to use national systems without requiring specialised conditionalities. Very high transaction costs are reported and the Ministry of Health has even proposed that a stand-alone, donor-financed, external unit is needed to take care of the administrative requirements of the Global Fund. A lack of official representation in country exacerbates the situation and Government states that common funds are much more effective than global programmes and initiatives in achieving development results. However, this may depend on the timescale considered, as it was felt that vertical funds may deliver results faster, but are unsustainable in the medium term.’ (Mozambique p.41)<sup>131</sup>*

Nearly half of the evaluation reports make clear that this is a complex and controversial issue in the countries concerned. Even those critical of the insufficient integration of global programmes in several cases explicitly recognise the importance of the additional funds and activities involved, and in some cases the results achieved, particularly in relation to a number of key health improvements. At the same time, a third of all the evaluations convey critiques of wider negative effects on national priority setting and the development of sustainable health systems. The Malawi evaluation comments on the high transaction costs reported in the implementation of vertical programmes, while the Cook Islands report implies that the country has actually integrated into the global funds’ priorities rather than the reverse.

The one-third of assessments that are positive find, as the Senegal study says, that these programmes ‘fit within national strategies, align and harmonise’,<sup>132</sup> and the Uganda and Indonesia studies note the governments’ stated position that the global health programmes are considered core programmes within the ministries concerned, and so are considered to be embedded in the country’s broader sector development

131 See also Mali p.39.

132 Senegal p.42; see also South Africa.

agenda.<sup>133</sup> The Vietnam evaluation, which finds that the integration is underway but at an early stage, notes the hope that the International Health Partnership Plus will hold out potential for further improvement.<sup>134</sup> The Bolivia study sees benefit in the fact that such programmes enable a focus on institutional capacity in specific sectors.

The Netherlands update cites the widespread finding from embassies that global funds and vertical funds, with the exception of a few initiatives, have been undermining the agendas of Paris and Accra by placing exorbitant demands on national capacity while also jeopardising national planning processes.

### IX. Stronger partner countries' capacities to plan, manage and implement results-driven national strategies (mainly partner country initiative/responsibility)

**Findings:** With a small number of reported exceptions, the pace of progress towards this goal is slow and the limited distance covered is noted as a source of frustration in several cases. There is also considerable evidence that the destination for this reform is not always clearly or commonly understood by many countries and agencies.

All the evaluations report on this expected outcome. Four of them<sup>135</sup> cite clear evidence that the countries have strong national capacities in these areas, and the Indonesia study asserts that this is the case.<sup>136</sup> One of these evaluations, in Colombia, notes that the government does not apply its strong capacities fully to development cooperation, given the relatively modest resources involved. The Mozambique study<sup>137</sup> finds that in spite of a strong and reasonably operational assessment framework (with an improved score from C to B on the 2005-07 Monitoring Surveys) the system is still not

133 Although the sector study on health in Uganda states that 'Global funding initiatives such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Alliance for Vaccines and Immunisation have not always been on budget and well aligned to sector priorities. Resources have been channelled through donor project funding mode and predictability has been limited. In order to improve overall efficiency in the sector it is planned that funding from global initiatives will be better integrated with Health Sector Strategic Plan III activities and more predictable in the future.' p.45.

134 Mozambique also cites the hope being placed in the US' Global Health Initiative to work with Governments and other donors to target system-wide change, p.41.

135 Colombia, Mozambique, South Africa, Uganda.

136 Uganda adds that the main problem to be addressed, which was also documented by the Phase 1 Evaluation of the Declaration, is not so much to do with measurement of outcomes and impacts per se, but about the weak monitoring of the quality of inputs and of implementation of aid financed initiatives which is really hindering aid effectiveness in relation to development outcomes, p.66.

137 Mozambique p.43.

used enough to inform future action.<sup>138</sup> The Uganda report finds that:

*'Performance in relation to management for development results has improved. PD (Paris Declaration) has made a contribution in encouraging development partners to increasingly focus on development outcomes and the need to work together and also with the government in improving national statistics and poverty monitoring. However, other factors have been equally important. Prior to PD, Uganda's concern for development results was already strong.'* (Uganda p.64)

Four-fifths of the other evaluations find varying degrees of strengthening of results systems since 2005 and more efforts underway, but with limited effects in most cases. The appraisal by stakeholders reported in the Nepal evaluation report is fairly representative:

*'Both Development Partners (DPs) and Government of Nepal (GoN) respondents agree that there has been a greater focus, in recent years, on the preparation of results frameworks and results based reporting. Some major DPs are providing support to sharpen results based frameworks and reporting systems, notably the Asian Development Bank (ADB), who have been supporting the mainstreaming of managing for development results (MfDR) since 2005.*

*However, both GoN and DP respondents indicated that the leadership provided by GoN towards a greater focus on results is less than adequate. 77% of GoN respondents said that GoN is only partly leading this process and 89% of DP respondents felt that GoN was only partly leading or not leading at all. Although work is ongoing focused on improving monitoring frameworks, 68% of DP and 69% of GoN respondents felt there is little improvement or no improvement at all in the GoN monitoring frameworks.'* (Nepal p.49)

Efforts in different countries often follow different paths, with diverse drivers and obstacles and realising varied kinds of progress:

- new budgeting systems have been a spur in two countries, in Benin bolstered by the requirements of a widening multi-donor programme of budget support which 'reinforces the culture of evaluation of results';<sup>139</sup>
- investment in monitoring and evaluation capacities;
- results-based approaches institutionalised in Medium-term Expenditure Frameworks where they have allowed

138 See also Ghana p.44 for evidence of some level of strengthening in Ghana's capacity in this area. South Africa reports strong capacity on results based management in its universities, with consultants and in civil society which as yet Government has not made sufficient use of in its operating systems. 'This is changing however, with contributions to critical issues of measurement coming on stream', p.42.

139 Benin p.51.

linking policy, public expenditure and results, with joint reviews providing a platform for mutual accountability.

Several evaluations find limited progress because of over-stretched capacities and/or insufficient investment in this work, while Bangladesh and Samoa are investing in generating reliable data as a base for stronger systems. Three other countries, Cambodia, Zambia and Malawi, are found to be moving in the right direction and have in place much of the 'architecture' for results-driven strategies but these systems are not yet mature or effective in managing major shares of resources or they have severe capacity constraints. The evaluation in Vietnam finds that this is still an area of weakness, and only a 'long-term objective' because it is complicated by structural issues such as the organisation of the budget and decentralisation.

Many of these countries are investing in capacity development in these areas in varying degrees and several specifically find relevant support for this work from donors<sup>140</sup>. Other findings from different evaluations include:

- 'substantial progress has been made since 2005' (Nepal) but little evidence exists of donor support to government work;
- donor partners are putting forward inadequate efforts to strengthen the mechanisms and tools to evaluate national strategies (Mali);
- the country's own emphasis on managing for results has led donors to increasingly apply results-based approaches but that results are not visible yet (Senegal);
- the move to reduce and harmonise the use of indicators in one general budget support framework agreement – from 85 to 30 (Senegal);
- there has been insufficient progress overall (Cameroon, Mali and Bolivia) and a failure to take this work seriously enough (Indonesia).

On the donor side, a number of efforts are identified within donor studies and updates to adopt or strengthen results approaches.<sup>141</sup> The seven donor headquarter studies and four updates which commented on this area identified the following problems relating to both partner countries' systems, the donors' own and the relationships between the two. It should be noted that these findings and obstacles still echo those found in Phase 1 of the Evaluation in 2008:

<sup>140</sup> The Asian Development Bank reports having increased its technical assistance support for partner country capacity in this area.

<sup>141</sup> Examples include: (Asian Development Bank) an extended MfDR action plan developed to mainstream MfDR across the Bank; (Australia) new systems to improve the rigour of performance measurement and quality assurance systems; (Netherlands) part of its support to GBS put on a 'structural basis', with part in the form of an 'incentive tranche' based on the scores for the indicators within a Performance Assessment Framework results matrix.

- Three studies (Japan, Sweden, US) note concern that reliance on partner countries' management information and statistical systems can undermine monitoring and reporting on results where these are weak and where there is limited commitment to improvement.
- The same three studies comment on challenges of attribution, particularly where reporting results is heavily reliant on the use of national systems.
- Two studies (Sweden and Japan) identify a tension between the Declaration commitment to strengthening partner country systems for results (ownership and alignment) and the need for accountability driving a donor-centric agenda of results reporting. Phase 1 of the Evaluation found that this was a problem with results reporting for donors in general and there is no evidence to suggest that this has changed.

Other factors identified by individual studies are:

- a lack of specific additional monitoring of adherence to Paris and Accra Commitments beyond the DAC monitoring cycle (Ireland) and/or a lack of objective ODA indicators (Spain);
- a lack of an organisational culture of monitoring and evaluation and a lack of capacity to design results frameworks/conduct monitoring and evaluation activities (Spain);
- a lack of clarity around understandings of Managing for Development Results (Sweden);
- excessive initial emphasis on the design of frameworks and indicators, and not enough on systems for data collection (African Development Bank).

### 3.6 Delivering and Accounting for Development Results

#### X. a) Enhanced respective accountability of countries and donors to citizens and parliaments (donors and partner countries separately responsible)<sup>142</sup>

**Findings:** With a number of striking exceptions, progress among donors, from a higher starting point and with greater resources, has been mostly slow. Among partner countries it has also mostly been slow with substantial distance remaining, but some countries have made moderate progress from a higher base and show what is possible. More partner countries are taking in hand the need to secure and publish donor information about aid. Two-thirds of the evaluations reporting find that countries' own provision of information about aid has

<sup>142</sup> See UNDP/UNDCF survey of national mutual accountability initiatives in 70 countries.



improved, generally along with greater accountability to and through parliaments, and through them potentially to citizens at large. Only six evaluations address accountability to organised civil society, with quite mixed findings.

Timely publication of key information about aid flows, uses and results is the pre-requisite for enhancing the accountability of countries and donors to their citizens and parliaments. In most cases, submission, scrutiny and acceptance of the key information and proposals by parliaments are both a major vehicle for public transparency and an important part of the legal process. Meaningful opportunities for direct consultation and participation by citizens and organised civil society are also expected under this outcome.

None of the country evaluations tries to assess donors' accountabilities to their own parliaments and publics, but nearly two-thirds of them do address the donors' transparent information on aid within their host countries. Half of these find that setting up national databases on aid flows has increased transparency and the potential for accountability. Another three countries – Cameroon, Senegal and Zambia – are aiming to get similar databases into place to be able to hold donors accountable for their commitments and improve on aid predictability, and one further evaluation, in Benin, endorses the same need. On the prerequisite of national publication of basic information about aid, the Colombia and Uganda reports find that already strong systems have been maintained, ten<sup>143</sup> that the practice has been enhanced to varying degrees since 2005, and six<sup>144</sup> that it is no better.

Accountability to (and thus through) parliaments is found to have been enhanced in the same half of the evaluations, although the degrees of improvement vary widely, and in some half of these cases formal review is only assured of parts of the entire aid/budgetary/results cycle. Other findings include:

- It is open for the legislature to play a more active role, but aid is not a compelling political issue at the national level.
- Chronically late submission of budget laws has undermined parliamentary and public accountability.
- Three evaluations, in Vietnam, Cameroon and Bolivia, find that donor accountability is still quite limited.<sup>145</sup>

Just under one-third of the evaluations include direct findings on consultation and participation by citizens and organised civil society in aid matters. It is found to be growing moderately in three countries through the government providing more space and/or through the pressure of civil society organisa-

143 Bangladesh, Benin, Cambodia, Cook Islands, Malawi, Mozambique, Samoa, Vietnam, Indonesia, Zambia.

144 Afghanistan, Bolivia, Cameroon, Mali, Nepal, Senegal.

145 For example Bolivia notes that accountability seems more concerned with donor accountability to their constituencies at home than to Bolivian society, p.71.

tions (CSOs). Other evaluations find a wide range of results and reasons:

- A slow pace and great distance still to travel are found in five countries.
- Mozambique has formal structures in place but limited involvement in practice.
- 'Limited demand' is found in Vietnam while in Senegal there a strong demand from CSOs for a more participative process of preparing national strategies.
- The sheer numbers of different organisations to be consulted and the multiplicity of different voices are found to be an obstacle in South Africa.
- The Cambodia evaluation finds encouraging signs of mutual accountability among government and civil society stakeholders at the local level.

Only one evaluation, in Benin, finds that Declaration related changes have had a direct effect in enhancing transparency and accountability, while eight others imply that they have probably had at least an indirect effect. At a minimum, as the Cook Islands evaluation finds, 'expectations from stakeholders are increasing'.

The Phase 2 results have largely supported the finding in the Phase 1 Synthesis that the domestic transparency and accountability of both donors and partner countries is the foundation of mutual accountability. This was also the specific starting point in the Declaration itself. Nonetheless, it remains true that direct mechanisms of *mutual* accountability have evolved in fewer cases than expected.<sup>146</sup> The few additional substantive inputs on this outcome from the donor studies confirm the sense of scattered and limited progress emerging from the country evaluations. Three studies – in Japan, Sweden and the US – found a lack of mechanisms to address mutual accountability despite specific policy-level commitment to the principle in the first two countries.

Other arrangements that have been put in place include:

- an intensified/continuous strengthening of country system capacity (Ireland, the Netherlands);
- an emphasis on joint evaluations (Japan);
- the publication of conditions linked to disbursements (UK);
- increased transparency and publication of information on country allocations and disbursements (UK);
- specific country level work with other donors and government partners to improve mutual accountability (UK);

146 Ghana cites a unanimous view of survey respondents that the quality of dialogue on public financial management has improved.

- use of tools such as governance and corruption analyses (Netherlands, UK);
- ensuring engagement with civil society in partner countries when employing modalities such as sector wide approaches (Netherlands).

Part of the explanation offered for the limited progress is the difficulty of mobilising and structuring mechanisms to put into effect such a commitment requiring agreed action between the partner country and many donors.

Another source of interesting findings and analysis on the status and progress of mutual accountability mechanisms and aid transparency initiatives at country level has been the survey in 70 countries carried out by the UN system to inform the 2010 Development Cooperation Forum and the High Level Meeting of the UN General Assembly on the Millennium Development Goals in September 2010.<sup>147</sup> The background paper building on this survey included a wide range of findings and proposals relating to mutual accountability at both the national and international levels. Some of the main points, mainly around the national level, were these:

- Progress on mutual accountability is limited, but a few countries have established important foundations as a basis for future progress.
- There is still much confusion over what mutual accountability on aid means, how to measure it and how much progress has been made. A much clearer definition should be given in the 2011 Paris Declaration survey.<sup>148</sup>
- A strong need exists for regular global assessments of progress on national-level mutual accountability, to learn lessons and create pressure for stronger global progress.
- The international community should judge mutual accountability as meaning that parliaments and other domestic stakeholders hold not only their own executive government, but development cooperation providers, responsible for their aid.
- Like-minded donors need to be even more proactive in leading national-level mutual accountability.
- Non-DAC providers (governments, global funds, NGOs and private foundations) should be encouraged more strongly to participate in national-level mutual accountability.

147 See ECOSOC (2010) *Key findings of the 2010 mutual accountability survey*, Development Cooperation Forum, and Martin, M (Ed); Rabinowitz, G and Kyrili, K (2010) *Review of progress in international and national mutual accountability and transparency on development cooperation* Background Paper for Development Cooperation Forum High-Level Symposium, Revised Version, October 2010, The United Nations Economic and Social Council: New York.

148 Apparently the Survey and discussion were instrumental in revising the original over-simplified question on this issue for the 2011 Paris Declaration Monitoring Survey.

- Much more effort is needed to connect international and national-level mutual accountability and transparency processes.

#### X. b) Progress towards commitments in the Accra Agenda for Action (para. 24) on transparency and accountability for development results (donors and partner countries separately and jointly responsible)

**Findings:** Both the lack of widespread findings and the nature of the findings available testify that progress toward the transparency goal has been mostly slow to moderate for both donors and partner countries, and slow to none on the joint goal of having ‘mutual assessment reviews...in place by 2010 in all countries that have endorsed the Declaration.’<sup>149</sup>

Enhanced transparency, a theme which cuts across most of the key goals, has been mainly covered under Outcome X above. It is worth noting here, though, that a broad International Aid Transparency Initiative (IATI) has begun to open up new windows, assuming that it is careful to add value to existing information systems. Support for this initiative and collaboration with its work offers another opportunity for both donors and agencies, partner countries, civil society and others to follow through on their commitments to this principle.<sup>150</sup> This organisation was launched in September 2008 in Accra, Ghana, as an initiative which aims to make information about aid spending easier to access, use and understand. It brings together donor countries, developing country governments, non-governmental organisations and experts in aid information to agree ways of sharing more and better information about aid. Two donor updates – for the UK and the Netherlands – cited the Initiative as a specific mechanism for ensuring mutual accountability. Sixteen other donor countries and agencies are also signatories of the Initiative, together with 19 developing countries. In the case of Sweden and the UK, domestic Transparency Guarantees have also been introduced.

In another noteworthy initiative, a non-governmental organisation, Publish What You Fund, has gone further with the first attempt to undertake a detailed comparative stock take of the current levels of aid transparency among donors. Working from eight data sources and using criteria and a total of 16 weighted indicators derived from its set of Aid Transparency Principles, this assessment uses a specified methodology to

149 Accra Agenda for Action, para. 24b.

150 The recent “Quality of Official Development Assistance” proposal for ratings actually includes donor membership in IATI as an initial indicator of high quality assistance as part of its “transparency and learning” dimension. Eighteen donors have so far become signatories to IATI, and 19 partner countries are endorsers, the difference being that donors undertake specific reporting obligations. This Initiative is open to all, including providers of aid from beyond the OECD/DAC, so it could become a vehicle for more inclusive transparency in future.

produce aggregate transparency scores for 30 multilateral and bilateral donors. They find very wide variations among donors, with the highest score more than double that of the lowest. The authors put caveats on the use and interpretation of these results, and they are criticised in some quarters.<sup>151</sup> This Evaluation has not made any full assessment of its own on their reliability, but finds that they are sufficiently well-grounded to cite here. This may help stimulate debate and hopefully further action on what is probably the most vital foundation for aid effectiveness, where authoritative information and action have been badly lacking for far too long.<sup>152</sup>

As to structured arrangements for mutual accountability, while there is no clear overall trend, it is worth identifying a range of individual findings falling in two broad groups:

a. Countries where there is incremental progress or good potential identified:

- The Bangladesh evaluation finds functioning arrangements for mutual assessments in two sectors and notes plans to develop a wider system.
- Two others, in Cambodia and the Cook Islands, find systems that are gradually improving, with one crediting improved compliance with financial management and procurement requirements, audits and prosecutions (alongside the Declaration principles) for helping achieve this advance.
- In Senegal, the medium-term expenditure framework and the proposal for more focused indicators in the framework agreement for budget support are found to offer prospects for improvement.

b. Countries where efforts have been made but with little success so far:

- In Colombia, a tripartite mutual accountability forum was tried in 2010 but was mainly limited to sharing information.
- In Malawi, a High Level Forum on aid coordination ran in 2007 but was 'not particularly successful'.
- In Zambia, donors find mutual accountability weak, largely due to lack of progress in developing a formal mutual accountability framework, and compromised by weak data availability and management.

<sup>151</sup> For example, the inclusion of membership in IATI as one of the 16 indicators is contested by some.

<sup>152</sup> See Publish What You Fund, *Aid Transparency Assessment*, 2010. For reference the aggregate scores are summarised below:

- Group 1: Above 75% (World Bank, Netherlands, UK);
- Group 2: Above the donor average of 60.8% (EC, Ireland, AsDB, Sweden, Australia, Global Fund, AfDB, IDB, Norway, UN, Denmark and Germany);
- Group 3: Below the donor average of 60.8% (Finland, Switzerland, Belgium, Spain, GAVI, France, New Zealand, Canada, Luxembourg, U.S. and Korea); and
- Group 4: Below 50% (Italy, Portugal, Austria and Japan).

Several of the evaluations<sup>153</sup> emphasise the overriding problem that accountability between the country and donors remains asymmetrical.

*'The Paris Declaration has enhanced transparency and mutual accountability at the country level in Cambodia, although accountability relations with development partners have remained asymmetric' (Cambodia p.41)*

*'Mutual accountability perhaps generates the most tension between the Government of the Republic of Zambia (GRZ) and donors. Some GRZ officials interviewed expressed the view that whereas there is much scrutiny of government's actions, donors are not equally open to scrutiny on their part on issues such as timely release of aid. The inclusion of donor performance related indicators on the Performance Assessment Framework may go a long way in addressing this perceived imbalance. Other GRZ officials also want civil society organisations receiving donor support [to] be made part of this mutual accountability framework.'* (Zambia p.20)

#### XI. Less corruption and more transparency, strengthening public support and supporting effective resource mobilisation and allocation (donors and partner countries separately responsible)

**Findings:** The measures needed to improve transparency have been progressing slowly to moderately in almost all cases and it is now clearly stronger in half the countries. A range of anti-corruption measures is being attempted in even more countries, but appraisals by informed respondents and other sources cannot yet document the kind of tangible progress that would be needed to strengthen public support and the effective mobilisation and allocation of resources.

All evaluations report findings on this expected outcome, with their coverage focused on the situation and actions in countries, not on the expected complementary efforts by donor countries to combat corruption internationally.

Complementing other findings on transparency, eight evaluations<sup>154</sup> specifically find more transparency on public finances. More than two-thirds find new or reinforced anti-corruption strategies or sets of measures since 2005, including steps to strengthen laws, audits, institutional and procurement reforms. Five<sup>155</sup> find little significant impact as yet. Four evalu-

<sup>153</sup> Cambodia p.41, Mozambique p.47 and Malawi include commentary on asymmetrical power relations.

<sup>154</sup> Bangladesh, Benin, Cambodia, Cook Islands, Malawi, Mozambique, Samoa, South Africa.

<sup>155</sup> Bolivia, Cameroon, Indonesia, Malawi, Mali.



ations<sup>156</sup> point explicitly to recent or ongoing investigations. The reports note different assessments in some cases, by governments, donors and civil society of the efforts being made and the progress achieved. None of the evaluations finds marked progress in reducing corruption<sup>157</sup> as yet, and several testify to the stubborn obstacles still in the way:

- In Afghanistan, the internationally-publicised anti-corruption strategy is little-known within the country, and duplicative and competitive roles between agencies impede effective measures.
- In Benin, a sweeping governance reform programme launched in 2006 with a set of anti-corruption tools and public service modernisation including human resource and remuneration reforms has yet to bear fruit.
- Uganda finds that in spite of a stated ‘zero tolerance’ policy and an array of anti-corruption agencies at the national and local levels, corruption remains unabated.

At the same time, a number of the reports signal a rising tide of public anger and frustration at corruption. The Benin report is succinct:

*‘Corruption is the factor most hindering progress in the area of public finance in Benin. This phenomenon is perceived today by all segments of the population as a genuine obstacle to the country’s socio-economic development.’ (Benin p.37)*

In several cases, joint action with donors (or concerted pressure by them) has been an important reinforcing factor in combating corruption:

- In two recent instances (Uganda and Zambia), groups of donors providing budget or sector-wide support took strong joint positions to secure action.
- In Nepal, pressure by a donor led to recommending independent procurement for a sector programme.
- Government-donor dialogues on corruption are maintained in several countries, mostly pressing for stronger enforcement.
- Even in Senegal, a country where there has been regression in transparency, with large blocks of public funds – presidential, national assembly and audit funds, as well as those from emerging donors – not open for budget scrutiny, the evaluation finds that concerted and sustained donor pressure was helpful in achieving a new procurement code.

Donors’ actions to combat corruption internationally mainly go beyond the ministries and agencies responsible for aid, being channelled through their broader governmental and legal structures. The key instrument has been the 1999 OECD Anti-

<sup>156</sup> Indonesia, Malawi, Mali, Zambia.

<sup>157</sup> For example Benin p.51, Mali p.29.

Bribery Convention, reinforced by the 2009 Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions.

### 3.7 Summary points on the findings on aid effectiveness

The three objectives in Core Question 2 – improving the efficiency of aid delivery and the management and use of aid and promoting better partnerships – have cut across the assessments in this chapter of progress against the main expected outcomes of the Declaration. Reviewing the findings gives the following perspectives.

#### *Efficiency of aid delivery*

**Summary finding:** Overall, the picture on efficiency gains is mixed, but so far disappointing in relation to the importance of this consideration among the Declaration’s objectives.

The general finding of the Evaluation is that there has been generally little reduction to date in aid management burdens where Declaration-style cooperation has been applied – and even increased burdens have been noted in a few cases. This suggests that if there were original hopes of rapidly reduced burdens, these have been proved unrealistic.

At the same time, many Declaration-style mechanisms and practices are allowing for a much better overview of aid by the partner country and donors. When matched by sufficiently robust country systems, they have increased the country ability to handle more strategic support, particularly at the sectoral level. Other things being equal, this is reflected in rising donor expenditures on aid.

More specifically, where aid is delivered through programme-based approaches, as is clear from analyses in the health sector, efficiency appears to have increased in cases where reforms are well embedded. However, in other cases, the transaction costs are so far considered to actually exceed the requirements of working bilaterally – often associated with little or no reduction in donor missions, meeting requirements or analyses.

Finally, at least indirect efficiency benefits may be expected from the contributions being made by Declaration-style aid to strengthening public financial management reforms.

#### *Management and use of aid*

**Summary finding:** With all the necessary reservations about slow and uneven progress, it is clear that overall the management and use of aid has improved in the countries studied, especially in relation to the pre-Declaration

situation. Further, Declaration-style aid appears to have made significant contributions to that change. Global programmes are mainly found to still be insufficiently integrated with other processes, but in some cases are considered to be making stronger contributions to development results.

While the record for each of the relevant outcomes is mixed across and even within countries, aggregate standards are rising. Some countries are exerting strong ownership and confident management and use of aid across a wide span, with others doing so on a selective basis in particular sectors or programmes. Effects are very dependent on the context of the operating environment. Elements which appear to support improvement are:

- the length of time that Declaration-style reforms have been embedded;
- strong country ownership including political governance and political and bureaucratic commitment;
- a strong policy framework, both for development objectives and for aid itself;
- robust country systems; and
- strong and comprehensive reporting and assessment frameworks.

Virtually all the evaluations cite at least a sector-level example of strong management and use of aid, even where there are caveats, and there are some good examples of national-level improvements e.g. through general budget support.

A sufficient critical mass of donors has been available to support and participate in these cases of improved management and use – judging that systems are sufficiently robust. There is evidence that at least a strong minority of donors is ready to do more, and to address and manage the risks involved as necessary. While there are clearly still disagreements and frustrations about how far improvements in these areas have gone and could go, few instances of major disputes have been reported.

However, there remain widespread concerns around public financial management and corruption issues, cited as a major constraint to progress in some contexts. Improved results strategies and frameworks provide further assurance and a basis for confidence. The Evaluation also finds evidence of a need for greater sustained commitment at policy level to using aid to give priority to the needs of the poorest and most excluded, including women and girls.

### *Promoting better partnerships*

**Summary finding:** The group of outcome assessments which reflect ‘building more inclusive and effective partnership for development’ show a generally positive change. A direct change that has occurred is that the Declaration has placed an explicit focus on aid relationships, and opened up important dialogues about partnerships themselves – between countries and donors, donors and donors, and with other stakeholders, rather than just the technical or financing aspects of managing aid. There are also a number of clear practical benefits already being felt.

There is evidence that partnerships are generally now operating on a firmer basis, based on strengthening levels of transparency, partner country ownership and structured arrangements for higher-level dialogue and collaboration, particularly around programme-based modalities for aid. These naturally add to the requirement to break down some of the boundaries, agree priorities and set about addressing them.

There is some evidence of donor rationalisation particularly where supported by an Aid Management policy or similar instrument, and strong government leadership. However, this is not a comprehensive trend. Predictability is improving, but fragmentation continues to impede dialogue and a shared understanding of priorities and ways to tackle them. Much more concerted and coherent effort is needed from both donors and partner countries.

The lack of consistent donor delegation to the field is frequently cited as a practical obstacle to better partnership behaviour. Decisions being made at headquarters – or not being made when needed – are impeding progress, and partnerships, on the ground.

The improvements achieved in partnerships so far have been made despite limited progress almost everywhere in setting up adequate mechanisms for mutual assessments of performance. Neither donors nor partner countries can claim to have met all their commitments, but a recurring theme is that relationships remain largely asymmetrical. Making further progress against this obstacle will require much stronger leadership from countries, with donors acknowledging their responsibilities for accountability within the relationship.

The promising base for improved partnerships may moreover be fragile. In moving from the early stages of implementing aid reforms into deeper problem-solving and meeting new challenges, the demands on partner countries and on donors as a group are likely to intensify. Early improvements in habits of partnership and foundations of greater trust will be tested to see if they are resilient enough to withstand these changes, without dissolving or sliding back into the fragmented approaches of the past.



## 4. Findings on Contributions to Development Results

### 4.1 Core Evaluation Question 3: 'Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?'

This chapter of the report takes the next step from analysing changes in aid effectiveness to analysing the evidence on whether the Declaration campaign has yet contributed to results. It will:

- briefly assess the overall responses of the evaluations to this question; then
- lay out the evaluation findings by the four more specific sub-questions set out in the Evaluation Matrix.

### 4.2 Overall findings under this question

None of the evaluations finds an immediate and direct connection between the Declaration campaign and development results achieved, but there is evidence in a solid majority of the reports that it has made at least some *plausible contributions* to better results through the pathways of the reforms traced in the previous chapter.

The analysis follows the agreed framework for assessing the possible contributions of aid reforms to sustainable development results.<sup>158</sup> The contributions of aid – and in turn any reforms – are dependent on the development progress achieved in a country. Aid is only one factor, as the Chapter 2 on Context emphasises.

Following the agreed framework, the country evaluations relied on conventional sources for reports on the development progress achieved. Then other evaluative work and assessments were used to gauge the contributions of aid to those results. As a third step, the evaluators assessed what value

<sup>158</sup> All of the evaluators involved knew that tracing these effects would be a major challenge. Some were initially very sceptical, and some reports are still tentative in making findings on this Core Question.

the reforms could so far have added to aid. Before crediting the Declaration reforms with any contributions, the evaluations have taken into account the influence of other factors in improved aid contributions and development results, and weighed alternative explanations including the possibility that the results might have occurred anyway in the absence of these contributions.<sup>159</sup> The findings in the evaluations on these questions are consistent with their findings on changes in aid effectiveness synthesised in the previous chapter.

The four areas examined<sup>160</sup> were:

1. results in specific sectors (particularly in health, the common study sector);
2. results in giving priority to the needs of the poorest;
3. results in strengthening institutional capacities and social capital; and
4. results in improving the mix of aid modalities.<sup>161</sup>

The findings across these areas are summarised in Table 3 below, followed by further analysis of the evidence.

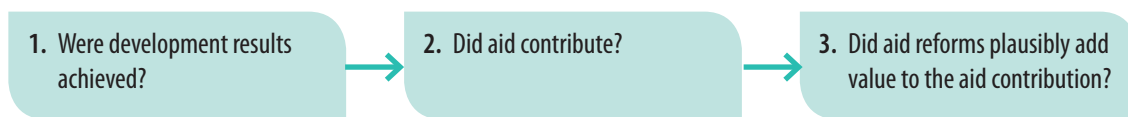
<sup>159</sup> Thus they applied the basic rule of the 'contribution analysis' approach to evaluation.

<sup>160</sup> Many other areas of results could have been chosen for testing. The selection of a small number of areas was necessary for the evaluations to go into sufficient depth. These four were selected, through extensive consultation among participants, as being representative of some of the most important issues for development results and offering the prospect of sufficient information and primary analytical sources.

<sup>161</sup> The mix of aid modalities – between projects, programmes, budget support, etc. – is clearly not a development result in the same sense as the others, but the findings are fundamental, given the widespread assumption that the Declaration agenda is centred on increasing programme-based approaches to aid as a key to better results.

Table 3. Summary of Aggregate Contributions to the Development Results Analysed

Assessed through a three question sequence:



Development result/s analysed	Progress achieved <sup>162</sup>	Contribution of aid to progress	Contribution of aid reforms since 2000-05 to the aid contribution	Strength of the evidence chain <sup>163</sup>
<b>Development outcomes:</b> Enhanced development results in specific sectors (notably in health as the common case study)	Some	Some / substantial	Some / little	Adequate
<b>Reaching the poorest:</b> Greater priority to the needs of the poorest people, including women and girls	Little	Some / little	Some / little	Adequate
<b>Building capacity:</b> Sustainable increases in i. institutional capacities and ii. social capital	i. Some / little ii. Some	Some / little	Some	Poor
<b>Aid modalities:</b> More effective mix of aid modalities (e.g., projects, programmes budget support, etc.)	Some / little	Some	Some	Adequate

Because of the range of different findings, the ratings show the most common finding first, followed by the next most common, with more particular findings reflected in the detailed analysis.

As in Table 2, the multiple ratings given list the largest category first, followed by the smaller one where applicable. To explain these aggregate findings with the first two examples: for results in sectors, notably health, most of the country evaluations found *some* progress in terms of development results. Most reports showed either *some* or a *substantial* contribution of aid. Most – though not all – countries found *some* plausible contributions of aid reforms to the contribution of aid itself to the intended result/s.

In terms of giving higher priority to the needs of the poorest people, the results achieved are mostly assessed as *little* and

162 Scale: Substantial, some, little, none.

163 Scale: Good, adequate, poor.

the contributions of aid are also assessed as *less* than for the first area, *but* the value added to the aid contribution by aid reforms is somewhat *greater* than in the case of health.

### 4.3 Specific findings

**Development outcomes: “Were results in specific sectors enhanced through the application of the PD principles?”**

**Findings:** A majority of the evaluations find at least some significant progress in development results since 2000-05, notably in health. Most also find some (if uneven) contributions by aid to those improved results, in some cases substantial.

The evaluations find between some and little strengthening of the contribution of aid over the period linked to the Declaration's reforms package. These effects are mainly related to the Declaration's role in promoting, strengthening and legitimising platforms and frameworks for action and coordination. By facilitating greater investment, participation and efficiency the evaluations find that there are already plausible contributions by Declaration-influenced aid to improved health services or outcomes, with more mixed or inconclusive results in other sectors.

Focusing on contributions in specific sectors has largely succeeded in grounding the analysis and in helping to explain performance. All of the 21 reports find some contribution of the Declaration campaign in sectoral development efforts. Many of these reflect process changes, but they have often facilitated greater investment, efficiency and development results in the sectors concerned. The different levels and types of roles – and some remaining challenges – are elaborated in the following excerpts from reports:<sup>164</sup>

*'Areas of contribution to progress on aid effectiveness of the Paris Declaration (PD) include development policy framework, aid coordination mechanisms and sector wide management approaches. These are significant and sustainable results which have translated into some development investments which reflect all or some of the PD principles in their design and implementation. More specifically, the PD has enhanced intense dialogue in the sector which has contributed to the development of mechanisms and processes that have encouraged coordinated support to national systems and the wider use of programme-based approaches. PD commitments have guided implementation of the National Strategic Development Plan towards achievement of the Millennium Development Goals.'*

*The PD has encouraged harmonisation of donor approaches as evidenced through the Joint Assistance Framework and Division of Labour in the health sector. However, most development partners are caught between working collectively at country level and responding to differing priorities and concerns of their Headquarters Offices. ... The continued fragmentation of aid modalities places a huge administrative burden on sector capacity and is a reflection of lack of trust and confidence by development partners in national systems.*

*... It is difficult to trace whether the PD has been an influencing factor in managing for results at sector level. Similarly, there is no evidence that the PD has been a determinant factor in influencing mutual accountability due to the asymmetric accountability relationships between government and the development partners. With respect to administra-*

<sup>164</sup> See also the Benin pp.63 and 68, for a breakdown of effects in both the health and water sectors.

*... tive efficiency, it is evident that a substantial amount of time is spent by both Cooperating Partners and Government of the Republic of Zambia officials attending SWAp coordination meetings which overall appears to be increasing rather than reducing transactions costs (especially for the Lead Donor or the Troika).' (Zambia p.50)*

*'The implementation of the PD principles in such sectors as health strengthened aid relations and allowed donors to increase resources into these sectors... the implementation of PD principles influenced the determination of where aid should be used in line with the status of the MDGs. The increased resources have to a large extent led to better development outcomes'... (e.g. via use of SWAps) – poverty data / infant mortality / education etc. all show improvement.'* (Malawi p.45)<sup>165</sup>

As requested, all but one<sup>166</sup> of the evaluation reports deal to some degree with contributions in the health sector. In many of these countries, aid is an important financial, technical and organisational support to the sector, and is credited with at least some contribution to improved health services or outcomes in the country over recent years. Moreover, two-thirds<sup>167</sup> of the evaluations find evidence that the aid contributions have been improved by Declaration-style reforms since 2000-05, as typified by the examples above. All of them also document uneven progress and other factors at work<sup>168</sup>, in a number of cases drawing comparisons or contrasts with other sectors. The Evaluation does not have sufficient comparative evidence of other sectors to determine how representative these broad results in health may be.

Two evaluations, in Vietnam and Samoa – a large country with long experience in aid effectiveness and a small country

<sup>165</sup> See also Nepal p.57.

<sup>166</sup> Colombia, where the sector receives little or no external aid.

<sup>167</sup> Afghanistan, Bangladesh, Bolivia, Cameroon, Cook Islands, Indonesia, Malawi, Mozambique, Nepal, Senegal, South Africa, Zambia. Additionally, Cambodia finds that 'Although there is no direct link between the PD and the [government] focus on poverty reduction, specific development projects in the... sample generated significant poverty reduction outcomes using pro poor programming strategies that have made sustainable improvements in the lives of the targeted communities and vulnerable populations. These developments are consistent with the PD.' p.69.

<sup>168</sup> See the South Africa report for one example of the other factors identified. 'The implementation of PD principles is occurring simultaneously with other interventions, such as clear policy statements and directions, a commitment to outcomes-based planning and a change of leadership at national and provincial levels', p.48. In two other cases – Benin and Uganda – disappointing results in the sector were attributed to weak or absent leadership or instability in political governance and broader sectoral problems that also frustrated attempted PD contributions. The Benin evaluation found that a strategic vision was not enough to overcome the dysfunctions in the health system; Cameroon found corruption and insufficient funding to be key constraining factors; in Zambia despite very good results, stronger aid coordination processes has been hindered by the creation of parallel aid delivery structures. In contrast, in Mozambique, vision with leadership in government is credited as the key factor in the progress achieved and in Malawi, addressing the weak human resource base was a major factor in success of the health sector SWAp.



with only recent experience – find that it is too early to assess changes in the effects of new aid practices or instruments on health outcomes. Two other evaluations – in Benin and Senegal – find that vertical fund approaches have so far made more concrete contributions to health outcomes than systemic approaches, while the Uganda evaluation records and explain more mixed findings on this record.<sup>169</sup>

The experience reported with contributions in other sectors is also mixed, and some interesting explanations emerge. In the water sector, PD-type approaches are credited with significant contributions in three countries, especially through facilitating platforms for multi-stakeholder engagement – Senegal, Uganda and Benin. A forum with donors was set up for the agriculture sector in Zambia, but policy differences (involving fertiliser subsidies and the state role in maize marketing) slowed progress. In two other countries – Uganda and Mozambique – the agriculture sector showed lesser results.<sup>170</sup>

Finally, in Colombia, a middle income country where the relative role of aid and its potential contribution to development are less significant than elsewhere, the introduction of aid and PD-style processes and instruments is found to have made a significant ‘niche’ contribution in helping respond to new or complex development issues. Thus in dealing with both the environment and a major challenge of displaced people, Declaration-style international cooperation has helped by providing a platform and through experience sharing, as well as a sector wide approach in environment.

*‘We note that as regards implementation successes, unlike other modality-related perceptions, a sectoral approach might be appropriate for a middle income country provided there is proven institutional leadership in particular sectors. ...In addition, the sector is generating a sectoral policy dialog that helps provide an integrated policy, despite varying interests and players.... One major result of the sectoral modality is that, as a result of support by the Netherlands, synergies have been achieved that leverage the support of other donors in the sector.... At any rate, in Colombia’s case, the sector-wide modality has sometimes encouraged donors to come together on environmental matters.’ (Colombia p.81)*

**Reaching the poorest: “Did the implementation of the PD help countries to improve the prioritisation of the needs [beyond income poverty] of the poorest people, including women and girls?”**

169 The Uganda evaluation finds that changing patterns in aid effectiveness reform (e.g. stagnation in policy processes / instability in political governance) are linked with stagnating development outcomes’, p.44.

170 In the power sector, these approaches are reported at least broadly to be contributing in Bangladesh, as well as in transport (also in Bolivia) and climate change programmes. Infrastructure is a further area of contribution found in the Cook Islands.

**Findings:** Overall, the pace and distance of travel in strengthening these priorities emerge as from most of these evaluations as little, with evidence of some positive contributions by aid and some value added by reforms and Declaration-style operations since 2000-05. In these cases, one clear theme is the Declaration’s contribution to building partnership-based frameworks for dialogue, programming and monitoring for addressing these ‘cross-cutting’ issues.

All of the evaluations dealt with the question to different degrees. The country evaluators were advised to approach it by analysing prerequisites of effective prioritisation, such as the building of analyses and disaggregated data on inequalities, institutions and mechanisms, strategies and plans, platforms and budgetary allocations. With these foundations in mind the results achieved could be examined for the contributions of aid and for improved contributions through implementation of the reform agenda.

The reports clearly show that whether priority is given to the needs of the poorest people, including women and girls, depends above all on the national and societal commitment – or lack of it – to tackle the deep roots of inequality, exclusion and disempowerment. A few evaluations find significant advances since 2000-05, most find very slow and limited progress and some find none at all.<sup>171</sup> Contributions by aid and aid reforms have been made within these realities.

Four reports – in Bangladesh, Uganda, Malawi<sup>172</sup> and Vietnam – find progress in giving priority to these needs and in the case of Bangladesh and Vietnam, substantial development results achieved. The Bangladesh and Vietnam evaluations credit aid, and Declaration-style aid in particular, for some contributions, while the Uganda report finds that the momentum is exclusively internal and pre-dated the Declaration by several

171 These findings echo a synthesis report prepared for the High Level Forum in Accra based on six country case studies (Bangladesh, Bolivia, Kenya, Sierra Leone, Uganda and Vietnam). ‘In summary, while there has been progress in attention to human rights, gender and equity issues at the policy level, the extent of implementation and monitoring of these commitments is less advanced and has not been given the sustained attention by partner governments or donors.’ Oxford Policy Management, Social Development Direct and workingtogetherLtd (2008) *Making Aid more Effective through Gender, Rights and Inclusion: Evidence from Implementing the Paris Declaration: Analytical Summary and country case studies* London: Oxford Policy Management / Social Development Direct

172 The Malawi report finds that the recognition of gender within common assessment frameworks e.g. for general budget support / more effective gender machinery is linked to Declaration implementation.: ‘Recognition of extreme poverty, exclusion and gender issues within development policy and planning as well as prioritisation of the needs of the poorest people beyond income poverty increased with Declaration implementation in Malawi... The Declaration is credited for strengthening pro-poor strategies and approaches through active dialoguing with all stakeholders and advocacy, which has increased awareness about the needs of vulnerable groups.’ p.74.



years. Thirteen evaluations<sup>173</sup> find varying progress, and seven of these<sup>174</sup> find a range of influence by aid and Declaration-style operations in particular. The assessment in Benin is fairly representative:

*'... from the moment that these temporary results are observed in the context of the Paris Declaration, they are certainly affected by the aid relationship through the financial and technical assistance provided by the Technical and Financial Partners in the development of intermediate goods used, for example, in the process for drafting the Growth Strategy for Poverty Reduction. As a result, some progress has been made since 2005 in terms of aid contributing to these results. The same holds true for the impacts of the Paris Declaration on the aid relationship. These effects may originate from a cross-cutting influence of the aid relationship... it can be said that some progress has been recorded in how priorities are established with regard to the needs of the poorest, including women and girls (during the period 2005-2010, compared to the period 2000-2004).'* (Benin p.78)

In Cambodia, where the evaluation finds that aid is contributing, but decentralisation will be the great test, the report finds:

*'While the evaluation would not attribute the PD/AAA (Paris Declaration/ Accra Agenda for Action) with the achievement of gender equality results for women and girls in Cambodia... the PD/AAA has facilitated the progress of gender mainstreaming by offering an important platform for implementation, engagement and advocacy with a wide group of stakeholders... In addition, the aid coordination mechanisms, planning and monitoring tools developed to facilitate the implementation of its commitments have all helped strengthen the integration of gender equality mainstreaming into development processes at the national, sector and community levels.'* (Cambodia p.67)

The Malawi and Zambia reports include variations on this finding. Declaration-type aid activities are credited with greater priority being given to these needs in the health sector, as well as contributing to the development of a national level Joint Support Programme for Gender.<sup>175</sup> In the Vietnam evaluation, specific influence is found in advancing policy dialogue, programmes for ethnic minorities and the generation of disaggregated data – and the benefit of such improved data is also cited in Zambia and Malawi. In Mozambique, although the Declaration is not credited with direct influence, the evaluation does cite the argument that by legitimating the government apparatus, it may have increased the readiness of donors to support sectoral

173 Bangladesh, Benin, Bolivia, Cambodia, Colombia, Cook Islands, Mali, Mozambique, Nepal, Samoa, Senegal, South Africa, Zambia.

174 Bangladesh, Benin, Bolivia, Cambodia, Malawi, Nepal, Zambia.

175 Although in Zambia this is not yet translated into budgets at sector or national level.

programmes giving priority to the excluded, thus increasing financial leverage for this work. However, the persisting deep regional disparities in this country and others are reminders of the more powerful determinants of outcomes. In Colombia, meanwhile, the relatively small factor represented by aid is apparently not found to have had influence in combating persistent regional and other disparities.

Two other explanations for limited progress are highlighted. In two cases – Cameroon and Senegal – the record of combating inequalities is weak. This is true in Senegal despite some early Declaration-style measures to promote a strategic approach to strengthening these priorities. In all these cases, the lack of progress is basically attributed to insufficient political will and/or the dearth of operational instruments to implement policy.<sup>176</sup> The Cameroon, Senegal and Zambia evaluations draw attention to the absence of data as a constraint and the Cameroon case identifies the lack of tested approaches to targeting specific population groups as an important weakness in tackling exclusion. In Malawi, disagreements between the government and donors in terms of policy approaches to the economic sectors are also found to have hampered the 'pro-poor alignment of aid'.<sup>177</sup>

The evaluation in Samoa raises the possibility that the Declaration agenda may have had an influence in relation to marginalised groups, but not a positive one. It finds that 'the view that the (PD-influenced) focus has been on the planning, systems and processes of aid delivery at the expense of policy dialogue and attention to outcomes particularly in relation to marginalised groups' was shared by many of those interviewed particularly in the health sector and to some extent in the power and water sectors.<sup>178</sup>

Finally, the evaluation in Afghanistan is harshly critical of both government and donors on their minimal responses to the needs of women and girls, an especially crucial issue in that country.<sup>179</sup> The implication is that donors could and should have done more to push these priorities, given their prominent role in the country. At the same time, this case is also another illustration of the primacy of national ownership and the limits of aid and aid reforms when confronted with powerful obstacles of ingrained resistance and limited national commitment to profound development change.

176 Senegal p.58 'The will to help the poorest exists in the two sectors (health and water and sanitation), but the instruments to reach these targets are inadequate and do not allow for operationalizing policy options such as those defined in the Document de Stratégie de réduction de la pauvreté (DSRP). The subsidies granted by the Government appear massive, untargeted and often ineffective.'

177 Malawi p.68.

178 Samoa p.61.

179 Afghanistan report, p.55.

**Building capacity: “Has Paris Declaration implementation led to sustainable increases in institutional capacities and social capital<sup>180</sup> at all levels to respond to development challenges? Why, how and where, and what are the effects?”**

**Findings:** In virtually all these evaluations, the pace and distance of travel in increasing institutional capacities are found to be only some or little – falling far short of the expectations implied in 2005. On the other hand, the finding of some effects in increasing social capital is more promising.

Most of the findings on the difficulties of capacity development are not related to any role of aid or the Declaration, although one implies a negative role for aid overall. Six of seven evaluations which have findings on social capital observe that Paris Declaration principles and emerging norms have helped to create or support an enabling environment for civil society.

The extreme and persistent weakness in capacity found in the evaluation in a fragile state raises the importance of this objective, contrary to any assumption that Declaration principles and good practices are less applicable in these cases.

Virtually all of the reports respond to these questions with diverse findings but some common threads. Twelve evaluations find slow, uneven or little progress in institutional capacity development at the general or sectoral levels.<sup>181</sup> This is in spite of longstanding diagnoses and repeated efforts in many cases. Most of these findings are not related to any role of aid and the Declaration, or they attribute a benign but not notably effective contribution to aid and in turn to aid reforms.

Seven evaluations<sup>182</sup> findings are more positive about capacity development, though only three of these (Indonesia, Benin and Malawi)<sup>183</sup> attribute any significant role to aid or aid

180 For reference, ‘social capital’ was defined in the Evaluation guidance as ‘Networks together with shared norms, values and understandings that facilitate cooperation within or among groups’ (OECD, 2001). In briefest terms, the Evaluation Matrix refers to social capital as “problem-solving networks in society”.

181 Afghanistan, Bangladesh, Benin, Bolivia, Cambodia, Cameroon, Mali, Philippines, Senegal, Uganda, Zambia. The Nepal report cites the issue of still traditional fragmented technical assistance response to institutional capacity.

182 Benin, Colombia, Cook Islands, Indonesia, Malawi, Samoa, Vietnam.

183 The Benin report notes that ‘Important progress has been noted in the functioning of the institutional set-up in place (during the 2005-2010 period, compared with the 2000-2004 period). The Paris Declaration has made important contributions to some improvements’, p.106; Malawi finds evidence that Declaration implementation contributed to ‘modest increases’ in institutional and social capital at sector level within the health sector. The same evaluation notes however that the influence of the Declaration on institutional and social capital has been constrained by its implicit assumption that macro-level implementation would lead to improved capacity through ‘trickle-down’ mechanisms – which has not, in fact, taken place. In the Colombia evaluation, it is again found that Declaration style aid has been able to make a ‘niche’ contribution in helping develop capacity in a new sector.

reforms since 2000-05. The Vietnam report provides quite a representative overview:

*‘It is extremely difficult to separate out the impact of the [Hanoi Core Statement]184 on institutional capacity. Most ODA projects include a capacity-development component. In Vietnam, as in many other countries, making capacity development more effective is one of the most difficult challenges. ... Government of Vietnam agencies tend to be poor at diagnosing their own capacity constraints, and provide little guidance to Development Partners on the kind of assistance they need. Few sector strategies adequately address the institutional prerequisites for the achievement of their development goals. In the absence of effective country leadership of capacity building, there was scepticism among Government of Vietnam officials about many capacity building projects, particularly those involving foreign technical advisers.’ (Vietnam p.39)*

One theme found in a number of reports is the difficulty of achieving a balanced development of capacity at the levels of central government ministries, line ministries and regional/local governments, and in civil society. One experience is a wide-ranging but unfinished multi-year effort in Cambodia to develop a specific capacity development strategy to reach out beyond central ministries. In Senegal, some achievement in capacity development in specific sectors, together with documented failure more generally, leads to a recommendation that the focusing at the sectoral level is likely to be the most feasible course. Mali reports the opposite – that the improvements noted at the national level are not reflected yet at local level. In Mozambique the finding is that some sectors have seen strengthened capacities, but policy functions and civil society have not. The Vietnam report is worth quoting again:

*‘[The responsible ministry] examined the possibility of a national capacity building strategy, but found that the problem was too broad to be addressed in a single strategy. As a result, it would be difficult to conclude that the Hanoi Core Statement and its processes had led to any overall increase in the effectiveness of capacity building. Of course, there are many individual instances of high quality capacity building, particularly in niche areas where Government of Vietnam (GoV) has recognised the need to learn from foreign experience. ... On the other hand, there have been definite improvements in GoV’s capacity to manage public investments. This is clearly related to the emphasis in the Hanoi Core Statement on strengthening and using country systems.’ (Vietnam p.39)*

Some evaluations point to possible negative effects on institutional capacities from Declaration style aid. The Mozambique report refers to one analysis suggesting that there has been an erosion of accountability to citizen beneficiaries which has

184 The Hanoi Core Statement is the adaptation of the Paris Declaration to the Vietnamese situation by Vietnam and its Development Partners.

weakened institution building for democratic development.<sup>185</sup> The implied critical finding may reflect on aid in general rather than Declaration-style aid, bearing in mind that the Declaration aims to help strengthen accountability to citizens and legislatures. If not, it would suggest that the more intense Declaration-style interaction has actually had perverse impacts. The evaluation in Mali suggests such a negative effect to date on the capacities of organised civil society – at some variance with the findings in other countries on social capital:

*‘Civil society has not benefited from capacity building through the Paris Declaration. To the contrary, civil society deems that the strengthening of Government/Technical and Financial Partner (TFP) relationships will reduce TFP support to civil society organisations (CSO). However, it appears that a Joint Civil Society Capacity Building Fund, funded by certain TFPs, is being prepared.’ (Mali p.41)*

In the Afghanistan evaluation the findings are devastating on the lack of sustainable capacity development. It documents the effects of continuing over-dependency on technical assistance, chronic weakness of national institutions and an inability to grapple with the priority needs that are themselves key sources of fragility. In this case it appears that the failure to apply Declaration-style practice can only exacerbate the problems. This underlines the serious implications, and dangers, of the frequent assumption or rationalisation that the Declaration principles cannot be applied in such situations of fragility.

With respect to increases in social capital, the evaluations’ findings are quite different, and on balance positive, about the contributions of Declaration-style aid. Nine evaluations<sup>186</sup> include substantive findings on this issue, six of which credit PD-style aid since 2005 with strengthening or sustaining effects on social capital. The range of findings and qualifications can be captured in the following excerpts:

*‘Although social capital initiatives existed before the Paris Declaration, they have clearly improved since 2005, suggesting a positive contribution by PD through ownership and structures of stakeholder dialogue.’ (p.41) ‘Capacity of CSOs at various levels has improved. PD seems to have contributed to this improvement through the strengthening of active dialogue and information flow among CPs that has resulted in joint financing of CSOs based on CSOs’ development strategies.’ (Zambia p.62)*

*‘The Paris Declaration has had substantial value in building of both formal and informal networks through*

185 Mozambique p.64.

186 Benin, Cambodia, Colombia, Cook Islands, Malawi, Mali, Mozambique, Senegal, Zambia. One silent evaluation report, in Vietnam, suggests that ‘As a measure of social cohesion and interconnectedness, social capital is a feature of society that is not susceptible to influence through changes in aid practice’, p.40 and the silence of others may also suggest that the link was not clear to them either. Mozambique is negative, consistent with the critique on capacity development and finding that the Declaration has not strengthened social capital between Government and donors.

*the participation of all stakeholders in aid coordination mechanisms which are now an important and sustainable part of the aid architecture...social capital has been positively influenced at all levels from the national through to the project level, but progress has been understandably incremental and uneven especially among line Ministries.’ (p.vii) ‘...Some participants however also noted that the PD may work against social capital, i.e., the ability to form one’s own initiatives, groups, societies, etc., by emphasising the importance of formalised structures and systems which may undermine informal approaches. But in reality, formal systems and culturally appropriate informal approaches to social capital can co-exist and reinforce each other at both national and project levels in the regions.’ (Cambodia p.44)*

Other evaluations share these mixed findings at a sectoral level and more generally. For example, the Benin, Cook Islands, Senegal and South Africa reports include findings on the Declaration contributions to building platforms and opportunities for more multi-stakeholder engagement at the sectoral or wider levels.<sup>187</sup> Even with the narrow aid role in Colombia, international cooperation is credited with ‘facilitating spaces for dialogue and dispute resolution’ in one of its niche areas.<sup>188</sup>

**Aid modalities: “How and why has the mix of aid modalities (including general or sector-specific budget support) evolved and what has been learnt on the development results?”**

**Findings:** All the evaluations find that a mix of aid modalities has continued to make sense for partner countries and donors, although more explicit attention and negotiation are being focused on these questions, opening up a wider range of options and stronger country ownership in most cases. In general the current evaluations reconfirm and extend the conclusions of a major 2006 evaluation on general budget support that ‘one size fits all’ aid modalities are inappropriate and that no single modality is the panacea to produce better development results. Instead there has been a learning process in all countries evaluated, with successful innovations in a majority, particularly in joint donor support at the sectoral level. These trends in the use of modalities are found to show stronger contributions to development results in four cases<sup>189</sup> and strong potential in at least six others.<sup>190</sup>

187 For example, South Africa finds in health that Capacity building, including governance and corporate management, is integral to most development partners’ funding of NGOs and CBOs. This ensures sustainability of the NGO as well as building capacity within the health facilities, p.48.

188 Colombia p.91.

189 Cambodia, Colombia, Uganda, Mozambique (in health, with the caveat that even without the Declaration, a sector with the characteristics of strong ownership and strategy would have attracted more funds, and used them more effectively) p.67.

190 Benin, Bolivia, Cameroon, Cook Islands, Samoa, Vietnam.

All of the evaluations have included significant findings on aid modalities. The evaluations find that since 2005 aid modalities have remained mixed in all cases. In general there is no rapid or linear move to 'programme-based approaches' or budget support, or strong pressure in that direction from any side. There are diverse reasons given for this finding, which casts some doubt on the prevalent impression (and one Monitoring Survey indicator) suggesting that maximising such approaches is, or should be, a central objective of the Declaration.

A small minority of countries shows a pronounced preference for programme based approaches. The evaluation in Uganda finds that the government has set out clear preferences and directions for budget support and that this modality now dominates the aid architecture.<sup>191</sup> In two others – Mozambique and Malawi – the same preferred direction is evident, and the trend has been heavily weighted to budget support and pooled or joint funds, though in both countries most aid is still through projects.

In 12 other countries,<sup>192</sup> the governments are found to favour moves toward programme-based approaches, but not in a rigid or overly assertive way. These countries have all undergone experimentation and mixed experience with different types of programme-based approaches, some well before 2005. The general finding in these countries is that such approaches have proved most fruitful at the sectoral level, when the prerequisite host country management foundations can be put in place. In such cases, it is easier – in principle though not always in practice – for like-minded donors to advance harmonisation (with coordinated procedures, joint policy dialogue, analyses and missions, reporting and performance appraisal and sometimes joint capacity development) in support of joint funding arrangements.<sup>193</sup> The Mozambique evaluation finds improvements with predictability, conditionality and managing disbursements with programme-based approaches. The evaluation in Mali highlights a list of benefits found with general budget support:

*'A few years after the implementation of General/Global Budget Support (GBS)/Sectoral Budget Support (SBS), the following impacts have been identified:*

- *On public spending:*
  - *Greater operational and allocation efficiency;*
  - *Better apportionment between operating expenses and investment expenditures.*

<sup>191</sup> Although it was noted in the Phase 1 evaluation in Uganda that there were some doubts about excessive budget support aid opening up too much influence to donors on national priorities.

<sup>192</sup> Benin, Bolivia, Cambodia, Cameroon, Colombia, Cook Islands, Ghana, Indonesia, Nepal, Philippines, Samoa, Zambia, also South Africa in health.

<sup>193</sup> South Africa – 'Development partners may acknowledge the importance of Declaration principles for engagement with government, but in reality they do not abide by all the principles. An example of this is not making their reports readily available to government' p.50. See also Malawi and Mozambique reports.

- *On macroeconomic management:*
  - *Help maintaining macroeconomic stability;*
  - *Help maintaining fiscal discipline (disbursements are linked to greater tax revenues);*
  - *Aid is predictable in the medium term (1 to 3 years).*
- *On poverty reduction:*
  - *Clear links between GBS/SBS and the expansion of basic social services.*
- *On the institutions:*
  - *Strengthening of the budget process and management of public funds;*
  - *Strengthening of the process for forming macro policies (Poverty Reduction Strategy Paper, macroeconomics) and at the sectoral level;*
  - *Greater aid coordination, exhaustiveness and consistency;*
  - *Improved government planning and performance capacities.' (Mali p.42)*

*'...the mix of aid modalities (including general or sector-specific budget support, projects and programmes) promotes sector coordination... The effects of these shifts have a tremendous change on development results in the sense that through focusing on sector strategies, [monitoring and evaluation] capacity has been reinforced. There has been better coordination and resource utilisation for [the] country's own priorities, though precise targeting of resources and scarce resource maximisation since there is less duplication of efforts. These enhanced coordination for sustainable development results. Also new sectors are now supported by aid (agriculture, gender, etc) and Government is able to deal with a better organised donor community. Delivery improved in sectors where dialogue between donors and government works (but not so much in sectors where this is not the case). General Budget Support and Sector Budget Support have a positive impact on the Government of Ghana's ownership over development but in terms [of] development result delivery, impact remains limited.'* (Ghana p.55)

In four other cases<sup>194</sup> the evaluations find that the government does not have a clear stated position on its preferred aid modalities, working with the preferences coming from the donor side. In the case of the agriculture sector in Zambia, this is found to be a problem, with donors seen to use the weakness of local systems as a pretext for maintaining more fragmented approaches. The evaluation in Bangladesh finds a great diversity of modalities but no clear picture or systematic assessment of their relative management, absorption, relevance or effectiveness.

Finally, a noteworthy finding in the Senegal evaluation is that both the government and donors share a distinct ambivalence about increasing programme-based approaches. From the

<sup>194</sup> Bangladesh, Senegal, Vietnam, and Zambia in health.



government side, it finds concerns about slower execution, as well as reluctance by many ministries to accept the loss of the earmarked budgets, salaries and per diems, as well as the budgetary bargaining power that has come with direct project support. On donors' part, hesitation is attributed to concerns about satisfying the accountability requirements of their home administrations. On the other hand, the evaluation in Bolivia specifically finds that such concerns have not impeded budget support initiatives of donors like that of the European Commission, and other donors are also managing risks in the other countries where programme-based approaches are being applied.

Not all these evaluations include findings about development results from the mix of aid modalities since 2000-05, but the following ones do emerge. Stronger contributions to development results are found in five cases,<sup>195</sup> mainly through rationalised work and leverage of greater resources at the sectoral level.<sup>196</sup> In at least six other cases, without attributing changed results directly to the influence of the Declaration, the evaluations find convincing potential over recent years for contributions to better development results.<sup>197</sup>

*When comparing the results contributions across all 10 development (project) investments, it appears that the greater the commitment to applying all the PD principles, in the context of a multi-donor programme-based approach, the more relevant and significant the development results will be (Cambodia p61)*

*'The water and sanitation sector started operating according to aid effectiveness principles as early as 1999...The SWAp became operational in 2002 ...funding modalities including the General Budget Support, Rural Water Supply and Sanitation Conditional Grants, Sector Budget Support came into being before the PD. With the coming of the PD in 2005 these activities were sustained and even strengthened through better division of labour and increased attention being given to achievement of measurable development outcomes....Over the ten years since 2000/01,*

*the sector achieved significant strides in its performance indicators. Access to clean water rose from 50% and 60% in 2000/01 to 65% and 66% in 2008/9 for rural and urban water, respectively (Table 13). The functionality of water systems in both rural and urban areas is high at over 80%. Sanitation coverage in the rural and urban areas is at 68% and 73% respectively while pupil to latrine ratio has improved to 43: 1.' (Uganda p.45)*

One important check on other analyses, as well as on progress with aid modalities over more than 15 years, has been to revisit the conclusions and recommendations of a major joint evaluation on general budget support published in May 2006.<sup>198</sup> It built on seven country case studies, four of which – in Malawi, Mozambique, Uganda and Vietnam – also have evaluations in the current exercise. Most of the major conclusions of that evaluation have been borne out, updated and in some ways carried further in the less-intensive examination of aid modalities in this Evaluation. Another intensive evaluation of 'sector budget support' in practice was completed in 2010, drawing as well on a range of country case studies. It presents more fine-grained and up to date experience with these instruments, but the general findings are broadly consistent with those in the general budget support evaluation and in the current evaluations.<sup>199</sup>

In general the current evaluations reconfirm and extend the conclusions of 2006 that 'one size fits all' aid modalities are inappropriate. Each country and its partners need to find and select the suitable mix for the country's particular needs, priorities and capacities. A wide range of programme-based approaches has, in fact, been adapted and applied in these countries, with mixed results but continuous learning and very few across-the-board preferences among modalities. At the same time, practical and evolving experience in these countries with different types of programme-based approaches does tend to confirm their value in increasing both aid effectiveness and contributing to development results, in line with the key points from the 2006 and 2010 evaluations.

<sup>195</sup> Cambodia, Colombia, Mozambique, Uganda, Zambia.

<sup>196</sup> Example: See Zambia for specific Declaration contributions and issues in health, p.43.

<sup>197</sup> Benin, Bolivia, Cameroon, Cook Islands, Samoa, Vietnam. For small states with their limited capacities, the distinct efficiency benefits of joint arrangements are emphasised.

<sup>198</sup> Lister, S et al (2006) A Joint Evaluation of General Budget Support 1994-2004: Synthesis Report, London: DFID.

<sup>199</sup> See Williamson, T and Dom, C (2010) *Synthesis report for a study on Sector Budget Support in Practice for the Strategic Partnership with Africa*, London: ODI/Mokoro.





## 5. Conclusions

This chapter is organised around several key questions that were agreed upon in the original Evaluation Framework to complement and cross-check the findings and conclusions emerging from the detailed examination of the three core evaluation questions in the preceding chapters of this report. To provide proper answers to these questions, some overlap or repetition of other chapters cannot be avoided, but the validation is important. While the lenses applied to arrive at these conclusions are different, they yield a consistent picture with the more detailed chapters.

### 5.1 Relevance: ‘What has been the relevance of the Paris Declaration and the ways it has been implemented to the challenges of aid effectiveness?’

The principles and commitments in the Declaration, based on the experience of partner countries and donors, have almost all proved relevant to improving the quality of aid and of the partnerships needed to make it work. The ways in which the Declaration has been implemented have sometimes strained, but not yet broken, its relevance, and there are valuable lessons for pursuing these goals in the future.

Three specific areas of lesser relevance have been identified in the Evaluation. At the level of a principle, the interpretation and application of ‘managing for results’ has weakened its relevance. A narrow focus on the technicalities of results management frameworks and indicators has in practice obscured the original broad intention of the principle – using information to improve decisions; strengthening performance on the delivery of results towards clearly defined development goals. Secondly, a few specific Declaration commitments have been shown to be unrealistic – such as that calling for partner countries to ‘provide clear views on donors’ comparative advantage’ – or have received little apparent attention, such as those aiming for better environmental assessments. Thirdly, the country studies have shown that at least four Monitoring Survey indicators have proved of questionable relevance

– those on strengthening capacity by co-ordinated support; reducing numbers of ‘parallel implementation structures,’ taking the percent of aid provided as programme-based approaches as the measure of the use of common arrangements or procedures and increasing the numbers of ‘monitorable performance assessment frameworks.’<sup>200</sup>

Past evidence and future guidance for the Declaration’s relevance is found in several key conclusions:

- A large, diverse group of countries and agencies have continued to display a sense of shared ownership and responsibility for the reform campaign, and have invested a great deal of effort in it. The context in each partner and donor country affects how these good practices will be adapted and applied, but most of them have been found to make sense for almost all ‘aid’ relationships.
- The Declaration’s core principles and commitments have built on, reinforced and disseminated the earlier good practices of different countries and donors and become widely accepted norms for good practice in development cooperation. They have also provided a common vision and a common language for change.
- In most partner countries these norms and supporting actions have helped launch or sustain reforms that countries find to be in their interest.
- Virtually all donors express a continuing commitment to these norms and can point to changes they have made to apply them (to varying degrees).<sup>201</sup>

<sup>200</sup> A table on p. 25 of the Technical Annex provides a summary of evidence on the Monitoring Survey indicators arising in the Evaluation. It should be noted that this is not a systematic or purposeful assessment of the indicators themselves, but rather a reflection of the findings that happened to arise within the Evaluation’s country studies. The Colombia and Vietnam reports provide the most examples.

<sup>201</sup> After a slow start, the largest donor, the United States, has since 2009 seen much greater relevance in the Declaration campaign.

- The record suggests that the reform campaign has helped to support rising overall aid volumes and, in most donor countries, rising income shares of aid over the past decade.
- These norms have also attracted the interest of aid providers operating outside the Declaration framework – including non-OECD governments and South-South partners, non-governmental organisations, foundations and philanthropic organisations – and stimulated a lively global debate about improving the effectiveness of all development cooperation efforts.
- Official aid reform has often come to be treated as almost an end in itself, not taking enough account of the broader context for aid and losing relevance as a result. The realistic perspective that was found in the Declaration needs to be restored – seeing aid as just one part of the resources that countries and people can mobilise for development, and taking account of other actors, forces and events that shape its course.

Several conclusions also highlight the main factors that have put strains on the Declaration's relevance:

- The Declaration was never meant to prescribe a rigid, 'one size fits all' model for countries, and its relevance has been jeopardised when it has been misinterpreted or misapplied that way.
- The starting points for individual partner countries and donors were quite different, with some engaged and advanced in the aid effectiveness agenda well before 2005, and others less so. A few now appear almost to have completed the work of reform in key areas, others to have barely begun.
- Even with this spread, the basic timeframe for the Declaration's goals – with expectations and some targets focused on 2010 – has so far just managed to remain relevant for all countries, but resetting timeframes after 2010 for each country will be a different challenge.
- Among donors, the rates of implementing the Declaration are more uneven. Future timeframes will either have to bring the late starters and slow movers up to speed, accept that some donors are only partially committed or slow the reforms of the whole donor community down. Either of the last two options would reduce the relevance of any future reform campaign for partner countries.
- In a small group of middle income and emerging economies, aid has supplied a shrinking share of capital flows and development resources, and they can increasingly offer aid and experience to others. The Declaration remains relevant to them but in distinctive ways that need to be recognised and harnessed more effectively in the global development effort.
- The Declaration principles and practices have been more difficult to apply in fragile situations and humanitarian relief but they remain relevant. Adaptations should be more a matter of degree than of kind, with donors and other outside actors bearing a special share of responsibility for applying good practices flexibly and helping empower country partners.

The final test of relevance is the actual record of implementation. Aid reform under the responsibility of the partner countries has mostly been slow to take hold since 2000-05, but has now done so in most cases. Mustering political, bureaucratic and public support for reforms has depended on key interests and actors believing that the changes will be worthwhile and feasible. In the majority of cases, the commitment and incentives to implement the reform agenda were not sufficient by themselves to generate the needed support. But they were instrumental when combined with countries' felt needs to improve their systems for reasons going beyond aid, for example in better financial management, procurement regimes or accountability measures. In some countries it is clear that greater political will and commitment are needed. At the same time, because most partner countries are hard pressed to find or build the capacities needed to implement the Declaration reforms in the expected timeframes – and receive less help to do so than pledged – the relevance of the generalised time-bound targets for all partner countries by 2010 must be questioned.

The reforms asked of donors under the Declaration agenda are less demanding and donors' capacities for implementing change are greater. But the stakes are not as high as for aid-receiving countries, so in most cases the necessary political, bureaucratic and public understanding and support for difficult reforms have been hard to secure and maintain. The relevance of the expected drivers of change in the Declaration – 'continued high level political support, peer pressure, and coordinated actions at the global, regional and country levels' – has been sharply different for different donors, and this has been reflected in their uneven implementation.

### 5.2 Principles: 'To what extent has each of the five principles been observed and implemented and the Accra Agenda priorities reflected? Why?'

The main (second) phase of the Evaluation was not structured around assessments at the level of the Declaration principles, as was the first phase which focused on early implementation. The objective, after this longer period, was to move to a more specific level of assessment of achievements measured against the Declaration's intended outcomes. Nonetheless, the guiding principles have always been a crucial element of this wide international compact for reform, and it is important to assess progress through the lens of principle as well. Moreover, the Accra Agenda for Action aimed to accelerate progress

toward the Paris Declaration objectives, and strengthened or sharpened a number of important commitments and areas of work.

With this in mind, the Evaluation Matrix posed these same questions for all the studies to provide an explicit base for the summary assessments in this Synthesis, together with the wealth of findings on the individual commitments under each Paris principle. On the principles, the findings in this regard are presented in depth in the chapter on contributions to aid effectiveness and the fuller summary of aggregate progress toward intended outcomes in Table 2.

Overall the Evaluation finds that of the five principles, country ownership has advanced farthest, with alignment and harmonisation progressing more unevenly, and managing for development results and mutual accountability advancing least. The implications of this record are reflected in the key recommendations and supporting messages.

Perhaps the most important overall finding on the implementation of the principles has been the clear and almost universal failure to advance on making direct mutual accountability more transparent, balanced and effective. This gap is a critical obstacle to taking aid partnerships to a more mature level, and calls for specific measures to try to overcome the real difficulties and breaking out of this dead-end. (See Recommendations 3 and 6.) It is important to bear in mind the key factors cited in the evaluations to explain why so few direct mechanisms of mutual accountability have evolved despite the specific policy-level commitment to do so. These include:

- the imbalanced or asymmetrical relationships, leverage and sanctions between aid providers and receivers;
- the complex geometry of an aid-receiving country having to initiate and structure mechanisms to deal with multiple donors/agencies on mutual commitments;
- the lack of a generally accepted framework for defining and measuring mutual accountability in aid; and
- tensions with donors' concerns to satisfy the accountability requirements of their home administrations, and slow movement on the Declaration commitment to harmonise.

With respect to the Accra Agenda, the country evaluations were unable to obtain sufficient responses on the reflection or influence of the Agenda to date to support a meaningful synthesis assessment. This is probably mainly due to the short time elapsed since late 2008, but there is also evidence that the main thrusts of Agenda are so far less known than those of the Declaration in the large majority of countries. At the same time a group of evaluations do include evidence that the Agenda is clearly viewed and valued in the countries concerned as an important landmark in widening the participa-

tion and ownership of the reform agenda, and sharpening some of its key aspects and expectations.

### 5.3 Achievements: 'What has the Paris Declaration achieved for aid effectiveness and development results? How significant are these contributions? How sustainable?'

In terms of aid effectiveness, the Declaration campaign has made several significant<sup>202</sup> differences in clarifying and strengthening norms, contributing to movement toward the 11 intended outcomes set in 2005, supporting rising aid volumes and improving the quality of aid partnerships. With regard to development results, some significant contributions can be traced, through indirect but clear pathways, to more focused efforts and better development results. The Evaluation has good evidence for this linkage in the health sector, a focus for the country evaluations, but more scattered and inconclusive evidence from other sectors. In both aid effectiveness and development results, a number of these gains are likely to be sustainable, while others remain fragile.

The Declaration has pulled together and focused global attention on ambitious, experience-based measures to improve development cooperation and aid. It addresses a range of problems that were 50 years in the making, and holds out a vision of much more ideal conditions for aid and ultimately for development without aid. While recognising that the challenges could not all be rapidly resolved, it has focused on a very short, five-year timeframe for measurable or visible improvements. Not all of these targets were realistic, or even reliably measurable, but its principles and commitments have been applied, if gradually and unevenly, among partner countries and more unevenly among donors.

In a changing world of development cooperation, the importance of 'aid' and better aid has been clarified. Even with an understanding of the other influences that shape development, the complexities involved in managing and improving aid relationships, and the availability of other forms and sources of development resources, an unprecedented number of partner countries and donors/agencies have been prepared to invest substantial efforts into improvement.

*Aid Effectiveness.* The Declaration campaign has made several significant differences, for example by:

- clarifying and strengthening good practice in aid relationships and thus legitimising and reinforcing higher mutual expectations;
- contributing to movement, although sometimes slow and modest, towards most of the 11 outcomes set out in 2005, and in the process making some contributions to better development results;

<sup>202</sup> The term 'significant' is used to mean definite and verifiable, but not necessarily major, effects.

- playing a role, probably in combination with the awareness-raising effects of the Millennium Development Goals, in supporting rising aid volumes; and
- improving the quality of a number of aid partnerships, based on strengthening levels of transparency, trust and partner country ownership.

The changes expected of partner countries have been more demanding than those expected of donors, but most partner countries that have been evaluated have now embedded many of these change processes, not just to manage aid better but because they serve the countries' national needs. The complex, long-term challenges of capacity development are the most important constraints for most countries, and they do not allow for 'quick fixes' or bureaucratically engineered solutions. Partner countries can do more to identify priorities for strengthening capacities in targeted areas, however, and donors can do more to support those priorities in coordinated ways, to strengthen country systems by using them, and to reduce donor practices that undermine the development of sustainable capacity.

On the whole, donors – with a number of striking exceptions – have at this point demonstrated less commitment than partner countries to making the (less demanding) changes needed in their own systems.<sup>203</sup> This is not to under-estimate the difficulties faced by those directly responsible in donor countries in securing the necessary attention, consensus and action for reform. Chapter 2 on Context sets out why this agenda is especially challenging in donor countries. But the Declaration campaign is a compact between nations. Endorsing governments – not just individual ministries or agencies – are accountable for their performance or their failure to perform. It is clear from the evidence gathered that some donors have been too uncoordinated and risk averse to play their expected proactive part in the relationship. Most donors have set high levels of partner country compliance as preconditions for their own reforms rather than moving together reciprocally and managing and sharing risks realistically. Moreover, since these agreed system changes, peer pressure and collective donor action have not yet become sufficiently embedded in many donor country systems, they are left vulnerable to uninformed policy changes, for example when governments or ministers change.

The relative performance of multilateral agencies in implementing the Declaration and good aid practice is still unclear and controversial and the Evaluation had only limited multilateral participation.<sup>204</sup> Most of the main multilateral agencies

203 A forceful statement of this point is: '... the asymmetrical nature of the aid relationship... belies the partnership rhetoric and is reflected in there being no effective sanction for donors who do not meet their commitments. While donors have failed to undertake simple administrative fixes such as coordinating their analysis and missions, huge and complex changes have been demanded from Government in areas such as public financial management'. Mozambique p.47.

204 Two multilateral agencies (the Asian and African Development Banks) and one group of agencies (the UN Development Group) carried out studies as part of this Evaluation.

adhered to the Declaration and have been involved in its processes, applying parallel measures and checks of their own.<sup>205</sup> The country evaluations show how the multilaterals benefit from a number of greater freedoms than bilateral donors – for example the capacity granted by their funders to make multi-year aid commitments, and a degree of insulation from short-term political pressures. The Evaluation has encountered suggestions of both good and bad practice by multilaterals, but no convincing evidence either way to support any conclusion on this point.

*Contributions to development results.* The Evaluation design never anticipated that better aid practices, if achieved, could directly or rapidly lead to better development results – demonstrable improvements in the lives of people in partner countries, particularly the poor and vulnerable – in a five year period. Since many other factors are usually more important than aid in determining these results, the country evaluations looked for:

- first, evidence of development changes; then
- plausible evidence as to whether aid had contributed to such changes; and
- if so, plausible evidence that aid reforms might have strengthened the aid contribution.<sup>206</sup>

In fact the findings exceed the very modest expectations of contributions to results in this short period. A strong cross section of the country evaluations found evidence that Declaration type measures, either launched before or since 2005, but usually reinforced since then, have contributed to more focused efforts, particularly at the sectoral level. These evaluations then found evidence that those efforts had already contributed to better development results, with good prospects of being sustainable. These effects were found mainly in the health sector, which had been selected for more detailed examination in almost all the country evaluations.<sup>207</sup> Beyond identified effects in this 'tracer' sector in health, there is not yet sufficient evidence to track plausible contributions of aid reforms to other development results such as accelerating achievement of the Millennium Development Goals.

Although insufficient capacity remains a formidable obstacle in many countries and aid could help more than it does, there is evidence that aid and aid reform have made at least some

205 As one indication of the possible reasons for a parallel approach, the EU monitoring report on Division of Labour arrangements (*op. cit.*) records that 'some multilaterals claim at the country level that their statutes impede their involvement in DoL processes'.

206 Cf. Mayne, J (2001) 'Addressing Attribution through Contribution Analysis: Using Performance Measures Sensibly'; *The Canadian Journal of Programme Evaluation* Vol.6, No. 1, Canadian Evaluation Society. See discussion in Technical Annex.

207 The original rationale for selecting the health sector is summarised in the Technical Annex.

contributions to the long-term strengthening both of institutional capacities for development and of social capital.

The overall finding that there has been little progress in most countries in giving greater priority to the needs of the poorest people, particularly women and girls, is accompanied by evidence of some positive contributions by aid and some value added by reforms and Declaration-style operations since 2000-05. This disconnect drives home the limits of aid and reforms when confronted with sufficiently powerful obstacles, such as entrenched inequalities, unless there is a powerful national commitment to change.

With respect to aid modalities, the Evaluation shows that no single modality (e.g. budget or sector support, programmes or projects) will automatically produce better development results, and a mix of aid modalities has continued to make sense for partner countries and donors. At the same time, a wider range of options and innovations with modalities, particularly more joint donor support at the sectoral level, has improved actual or potential contributions to development results in half the evaluation countries since 2000-05.

*Sustainability.* In most partner countries, the Paris reform agenda is now seen to serve important needs other than aid management, and the change processes are now fairly firmly embedded, if still advancing only gradually. Even though more active political impetus is still needed in many countries, the basic momentum of change has now stood up through political changes and crises of various kinds, even without being able to claim dramatic results. For most donors – with a number of striking exceptions – the commitment, capacities and incentives to apply these good practices have not been strong enough to entrench them as more than broad norms and not enough to make the necessary changes. But the Declaration's reform compact depends on donors improving collectively to provide better combined support to partner countries, and a few leading donors cannot be expected to carry a disproportionate load indefinitely. This Evaluation concludes that an urgent new infusion of collective donor commitment, more active reciprocity with partner countries and realistic risk management is now needed. Otherwise a real danger exists that the emerging gains from the historic compact for more effective aid over the past decade could erode or break down, with a re-emergence and possible reinforcement of bad practices and a global weakening of development assistance.

#### **5.4 Burdens: 'What effects has the implementation of the Declaration had on the respective burdens of aid management falling on partner countries and donors, relative to the changing volumes and quality of aid and of the aid partnership itself? Are these effects likely to be transitional or long term?'**

The conclusion of this Evaluation is that the changes made by the Declaration have not reduced the overall burdens of

aid management. However, they have contributed to a better quality of aid and to improving aid partnerships, as well as supporting rising volumes of aid. There is evidence that, in a few cases, the ways in which Declaration-style aid, such as multi-donor funds, has been managed has actually increased the burdens on both donors and partner countries. Bearing in mind the further evolution since the first phase of the Evaluation, it cannot be concluded that the delays in reducing burdens are only transitional, although reported problems with increasing burdens are likely to be tackled as a high priority.

The first effect of the Declaration in this regard has been to legitimise and structure the longstanding concerns about the burdens of aid management as a more prominent and explicit subject of serious discussion between partner countries and donors. In the spirit of ownership and alignment, a number of partner countries had already led the way by taking measures on their own – by producing their own aid management strategies or moving to limit the burdens imposed by multiple, uncoordinated donor missions. The donors' recognition of the needs to reduce burdens on partners and a number of their specific steps for greater harmonisation of aid had been formalised in the Rome Declaration of 2003. In its philosophy and specific commitments, the Paris Declaration pulled all the related issues together in a coherent whole and offered both national and international platforms to try to reduce the burdens, first and foremost on partner countries.

The early results captured in the first phase of the Evaluation suggested that donor agencies and their personnel were experiencing heavier aid management burdens because of growing requirements for expanded consultation and more analytical work, while the workload of traditional project management had not greatly diminished. These burdens on donor field offices were more severe in systems where authority and staff capacity remained centralised at Headquarters. It was not clear whether the greater workload was likely to be permanent or only transitional. The first phase results showed no pronounced trends or assessments of changes in the burdens of aid management falling on the partner countries, although this early 'non-finding' was not definitive.

Thus far, the general trend shows little or no reduction in the overall burdens of aid management to date. There are exceptions, but also other cases where burdens appear to have increased. At the same time, in a majority of cases, the new practices are perceived to be improving the quality of aid and providing forums and mechanisms that make it easier for countries to maintain an overview and grasp of their aid relationships. A significant group of evaluations are silent on the possible effects of Declaration practices on the countries' aid management burdens, sometimes implying that the countries' own strong systems have ensured their control over burdens. On the other hand, several evaluations record complaints from the partner country side about the workload involved in dealing with multi-donor structures and mechanisms for coordination and harmonisation. The Afghanistan evaluation



reports a strong perception that more of these structures and mechanisms would ease their burdens, while by contrast the recent multi-donor evaluation in South Sudan found that a rigid insistence on harmonised approaches there had slowed and limited the kinds of flexible aid responses required.

None of the perceptions about trends in the burdens of aid management are rooted in any structured comparisons with the pre-Paris situation<sup>208</sup> or in any deliberate effort to envisage what the situation might be without these practices. Similarly, there are very few explicit linkages made between these burdens and the volumes of aid being disbursed, its quality or that of aid relationships themselves. Most reports present numbers on joint and sometimes individual donor missions (usually drawing on the Monitoring Survey results) but there is no solid body of quantitative evidence on trends even on this apparently straightforward indicator.

The incomplete and particularly the uneven implementation of Paris practices by donors must be borne in mind in assessing the results achieved, since more coordinated action by donors was a premise of the expected overall benefits. However, particularly when we recall the overwhelming pre-Paris burdens of aid management documented for many partner countries – even their inability in many cases to maintain a basic overview of all the aid activities on their soil – the situation has clearly improved. At a minimum some of this improvement must be linked to the higher expectations for respecting ownership, providing information, consulting, coordinating and harmonising activities that have been propagated and legitimised by the Paris campaign. The management challenges for countries have changed, requiring more of a central management overview and senior policy engagement, but most of the country evaluations suggest that this has been key in making national ownership and alignment possible and likely. Since today's higher expectations are unlikely to diminish, improvements at this modest level will probably be sustainable.

For donors, the burdens and benefits of changing ways of doing business since Paris have been uneven. To the extent that they have attempted to apply the new approaches, all have been required to invest more in analytical, dialogue and coordination work. The studies confirm that those who have genuinely decentralised more capacity and authority to their country offices have been able to cope better, other things being equal. But only a small number of donors have been willing and able to invest sufficient dedicated time, appropriate skills and incentives to promote and actively support the necessary communication, coordination and facilitation work required, alongside national representatives, on behalf of the donor community.<sup>209</sup> Those most committed to the imple-

208 Both tenures in office and memories are usually too short.

209 These kinds of leadership roles among donors have been called on at the national and sectoral levels, and personal interest and attributes among key donor personnel have played a part alongside institutional policies. Sometimes, multilateral actors have taken on some of these roles as a natural part of their community mandates.

mentation of the Declaration good practices have done more than their share. They have paid a price in added aid management burdens, while others have sometimes been 'free riders' or very limited participants. It is an important question how long these reform-minded donors will be willing and able to sustain their extra, under-appreciated roles in the absence of more balanced commitment and burden sharing among donors, which is anyway essential to realising the objectives of the campaign for aid effectiveness.

### 5.5 Value: 'What has been the added value of Paris Declaration-style development cooperation compared with the pre-Paris Declaration situation, and seen alongside other drivers of development in the country, other sources of development finance and development cooperation partners beyond those so far endorsing the Declaration?'

*Pre-Declaration comparisons.* Even with the limits documented in this Evaluation, comparing current practice with the aid situation 20 years ago presents a global picture of far greater transparency and far less donor-driven aid today. It is fair to say that the 'free-for-all' of competitive, uncoordinated and donor-driven activities that were commonplace 20 to 25 years ago are now unusual enough to attract rapid attention and criticism, except in some fragile and humanitarian relief situations, where they are still all too common. Comparing the period since 2005 with the immediate pre-Declaration situation, one must conclude that the Declaration has disseminated commitments and instruments for reform which were previously being developed and tested in a fragmentary way by a few leading countries and donors. It has raised expectations for rapid change, perhaps unrealistically, but also strengthened agreed norms and standards of better practice and partnership. There is ample evidence here that these standards have been used to reinforce or legitimise demands that good practice be observed.

The effectiveness of the Declaration *approach* to aid reform has been assessed as part of this exercise. The Evaluation has found that the attempted reach of the programme was extremely ambitious, but that it probably needed to be in order to have a hope of galvanising the necessary attention and motivation for change. Based as it was on long experience of partner countries and donors, it is not surprising that its basic diagnoses and prescriptions have been found to be relevant to aid relationships, although to differing degrees depending on circumstances. The built-in focus on monitoring and evaluating the implementation of the Paris agreements was also needed to maintain pressure for performance and mutual accountability.



*Shortcomings and unintended effects.* Several have emerged over time:

- At its inception the Declaration was a high-level political commitment to make historic changes in international relationships to benefit development results in partner countries. It was then interpreted and used as mainly a 'technical' and 'process-oriented' government-to-government agreement to be managed by officials. As a result, it did not initially enlist the political and societal engagement needed to push through real changes.
- The international work on the Declaration commitments has been, in different ways, both too narrow and too broad to keep the necessary focus on the critical political choices:
  - The 12 selected 'indicators of progress' for the Monitoring Survey – while essential in principle to give 'teeth' of accountability to the mutual commitments – were not sufficiently representative, or in some cases reliable, and in practice became too much the focus of attention and action. This narrowed the reform agenda while demanding enormous national and international efforts for monitoring.
  - While a participatory and balanced international superstructure was needed to mobilise and sustain the reform campaign, the demands of the process became heavy for all participants, particularly those from developing countries. An 'aid effectiveness industry' has bloomed, with an overwhelming number of initiatives and specialised international working groups, meetings and guidelines. But since the most critical shortage is not further analysis, but political will, 'aid reform fatigue' has become a real danger particularly for political leaders, policymakers and front-line practitioners.
- The perception that there was a Declaration 'formula' or model obscured the original expectation that the strategy would be adapted to different country situations and priorities. This has led to questioning the relevance of the reform agenda by some, and dangers of fragmenting the vital underlying consensus.
- As part of strengthening a joint focus on country-defined results, the Declaration has emphasised the need for partner countries to have in place national development strategies and priorities, able to guide national and international efforts at the operational level. As is often the case with planning, balancing the necessary direction and flexibility is a challenge – and the Declaration has perhaps erred on the side of the 'planners' over the 'seekers'<sup>210</sup> in development. It has also opened up divergent expectations and assessments of performance.
- The hope that the Declaration-based process could make a major difference to the traditional imbalance between donor and partner country accountabilities has so far been disappointed.
- This Evaluation does not conclude, as some have argued, that the Declaration campaign has focused so much on aid processes that it has had the unintended effect of diminishing the attention and action on ultimate development results for poor people, stronger respect for human rights and democracy, or more equitable international relations. There is no substantial evidence of such an effect. How best to advance each of these sets of important global priorities is the subject of animated, complex debates which are far from resolved. Meanwhile, to the extent that the Declaration's reforms can help generate better aid, it should serve to advance these goals which are also explicitly reflected in its objectives.

The Accra High Level Forum recognised problems arising with the Declaration and agreed on a number of course corrections, but the Evaluation has found that it is too early to assess their full effects. It will now fall to the Busan High Level Forum in December 2011 to integrate lessons from the Paris Declaration and Accra Agenda experience into future aid reforms.

*Added value alongside other drivers of development in the country and other sources of development finance.* The Declaration was originally set in a framework that recognised the wider context and key domestic and international factors affecting development, well beyond aid programmes. Yet assumptions about the potential role of aid have remained exaggerated, particularly in donor countries, as have expectations for rapid reforms by partner countries.

Much of the evidence in the Evaluation suggests that aid and the work of aid reform often continue to function in a world of their own, with managers and technicians on both the providing and receiving sides managing their specialised agendas and expectations. A wider perspective and a sense of proportion will be needed to carry aid effectiveness reforms to their full potential. Both partner countries and donors will also need to foster and harness better the many more powerful forces and policies for development that lie beyond the realm of aid.

*Added value alongside development cooperation partners beyond those so far endorsing the Declaration.* Development cooperation actors, relationships and arrangements have multiplied and taken on different forms, many of which are based mainly on normal interests in international relations. Using a generic definition of 'aid' to distinguish it from other forms of commercial, political or military support now yields a rough estimate that non-Declaration providers are disbursing about one-quarter as

<sup>210</sup> Easterly, W (2007) *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* New York: Penguin.

much aid as OECD/DAC donors. The Evaluation's thematic study on this subject finds a critical lack of transparency and reliable data on many of these other forms and flows of cooperation. It adds the assessment that the major advances in the Declaration and Accra Agenda dealing with transparency, aid effectiveness criteria and mutual accountability should be preserved and advanced further in order to include non-Declaration providers.

The Accra Forum also recognised that in recent years, development cooperation actors, relationships and arrangements have multiplied and taken on different forms. On examination, many of these types of 'development cooperation' are additional or varying approaches to the economic, political and security cooperation that have always been part of international and regional relations. They are based on national and mutual interests, and have their own rationales and rules.

The Evaluation's thematic study on other resource flows<sup>211</sup> has been useful as an overview of this changing landscape, and of important distinctions to keep in mind when looking at different types of cooperation. The study recalls that the Declaration campaign of reform has been specifically concerned with one major and distinctive strand among these different types of cooperation, and that is development aid, best understood as 'flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character' (that is, that they include a substantial grant element). This definition, in its generic form, is taken as setting reasonable boundaries for 'aid' as distinct from other forms of commercial, political or military support.

In its 'Official Development Assistance' form, this type of development assistance – non-existent before 1945 – has since evolved extensive mechanisms and practices to provide transparent and reliable data, and to maintain and strengthen its distinctive mission. So, for instance, major disciplines have been worked out to distinguish private investment, export financing, mixed credits and commercially 'tied' aid, as well as military assistance. Many other efforts have been invested to improve the quality of aid. The initiatives leading into the Paris Declaration were thus a culmination of decades of work to strengthen the developmental mission and effectiveness of aid.

The thematic study finds a critical lack of transparency and reliable data about many of these other forms and flows of development cooperation, but roughly estimates that the global total of flows of 'aid' not yet covered by the Declaration to be about US\$28-US\$29.5 billion annually. This compares with aid from OECD/DAC sources at about US\$125 billion. The study concludes that the substantial role of these non-Declaration aid providers points to an even greater need than before for

transparent information, coordination, harmonisation and governance leadership, since the number and diversity of new actors, especially civil society organisations, is increasing 'transaction costs' for aid receiving countries. It adds the assessment that the major advances in the Declaration and Accra Agenda dealing with transparency, the criteria for aid effectiveness and mutual accountability should be preserved and advanced, and extended to include non-Declaration providers.

## 5.6 Implications: 'What are the key implications for aid effectiveness in the future, taking account of new challenges and opportunities (for example, climate change) and new actors and relationships?'

This Evaluation concludes that to the extent that existing and emerging forms of development cooperation aspire to the mission of development assistance, the principles and norms of good practice assembled and now tested in the Declaration reforms can offer a sound and transparent basis for their effectiveness. By applying and adapting these disciplines, new forms of development assistance can avoid repeating past errors and painstakingly negotiating new disciplines.

Today's changing landscape includes a wider range of governmental players (including some that both receive and provide aid) regional organisations, global funds and initiatives, foundations, corporations and civil society organisations. Interest and activity in 'South-South' and 'triangular' cooperation has been growing rapidly, as has engagement by regional and local authorities. The section of this Report immediately preceding this one has pointed to important reasons to reflect these new realities in aid effectiveness efforts.

Financing to developing countries to combat climate change has emerged as a major and growing feature of international financing flows, possibly coming to rival Official Development Assistance in magnitude. It has many different strands and a great deal of further negotiation and institution-building to go through. It is clear, however, that these forms of financing will create many of the same challenges as have other forms of aid – perhaps even more – and yet there is very little coherent thinking or planning about adapting and applying lessons and good practices in effective aid to these new financing flows. Different institutions are involved in both partner and donor countries and internationally, and only the first tentative discussions have begun on how to anticipate and manage concerns about effectiveness. This is a critical issue of policy coherence and merits major attention at senior levels in the coming months.

Looking to the future of aid and ensuring its effectiveness, the Evaluation findings highlight five main lessons:

211 Prada, F et al, *op. cit.* pp.39-42.

1. Most of the agreed principles and norms for good aid practice captured in the Declaration consensus have proved valid and have started to yield improvements. To avoid reversals or new cycles of bad practice, this reform momentum should be further focused and extended.
  2. In all countries aid is a limited contributory factor in development, among many powerful drivers, obstacles and resources – and this range of factors is now widening. This points to the need for more realistic expectations on both sides of aid relationships, including the need to accept and manage risks, and to maintain openness to learning. At the same time it calls for more focused aid contributions in areas where aid can be properly managed and will add the most value in terms of results.
  3. The processes for ensuring aid effectiveness need to be simplified and the commitment to the proven norms reaffirmed, but applied to individual country contexts with appropriate flexibility.
  4. Better policy coherence will be critically important. This is the case for both partner countries and aid providers. It applies especially in the face of new tests such as the need to ensure the effectiveness of climate change and other new sources of development financing. Donors need to work towards greater coherence – as a group; individually across their different policy areas which affect development; and in some several cases even within their own internal aid systems.
  5. Participation and ownership in the international aid improvement campaign needs to be widened as soon as possible to engage more actors and styles of cooperation. Without over-reaching the boundaries of aid, it provides a key route towards improving other distinct cooperation relationships.
- for the future, will not be the last word. It will come together with many other streams of work for consideration at the High Level Forum on Aid Effectiveness in December, 2011 and beyond. In the course of this work, however, the participants have identified a number of topics of different types on which further analysis and assessment would be helpful for deeper international understanding and further progress. These topics are listed below for further consideration.
- Capacity development: how to break through?
  - Aid effectiveness & civil society organisations (CSOs): in light of CSOs' own efforts for Busan.
  - Moving beyond aid: policy coherence for development.
  - Getting political clout in donor countries for partner-led development cooperation.
  - Multilateral cooperation and aid reform: the state of play and future directions.
  - Further mining the sectoral analyses in country evaluations.
  - Advancing the shared management of risks in development cooperation.
  - Explore explanations for different results from aid and reform in health sector and in giving priority to the poorest.
  - Regional cooperation and aid effectiveness.
  - If not fully covered by other work-streams to Busan:
    - Fragility and aid effectiveness.
    - The effectiveness of South-South cooperation.
    - Moving forward to manage for development results.
    - Improving mutual accountability.

### 5.7 Key areas identified for work beyond the Evaluation

It is quite evident that this Evaluation, while an important input to assessing past aid reforms and setting directions



## 6. Main Recommendations

The detailed findings and conclusions in this Synthesis Report open up many possible ideas for further improving aid effectiveness, drawn from the experience of implementing the Paris Declaration. This chapter highlights the most important recommendations emerging, together with the brief rationale and basis for each one. A number of these main recommendations are clearly not new – some are both familiar and seemingly obvious. These key political actions must be pressed again – simply and starkly – both because they are so important and because they are also areas where donors or partner countries have so far failed to meet firm Paris and Accra commitments.

*Relevance to other actors not specifically addressed below:* The main focus in this Evaluation has been on aid reform actions since 2000-05 by partner countries and donors and agencies which had endorsed the Paris Declaration in those capacities. At the same time, the country evaluations and other work have re-confirmed the conclusions of the Accra High Level Forum about the importance of the roles in development and aid of a growing number of other actors and types of cooperation.

Furthermore, important evidence has emerged in the Evaluation on the work of: national and international civil society organisations; providers of concessional finance that have not yet endorsed the Declaration in that capacity (governments, global programmes, and private sector actors); as well as participants in regional, South-South, triangular and other forms of development cooperation, including investment, which may or may not involve concessional resource transfers. Several of these groups of actors have been engaged in parallel effectiveness efforts, and in the case of civil society organisations, have undertaken to report at the Busan Forum. It would greatly enhance the value of this global forum if others were to participate fully as well.

In the meantime, while it is beyond the mandate of this Evaluation to recommend specific actions these other groups, it

is important to stress that the evidence strongly indicates that all the recommendations below are relevant to all other actors. They will bring their own perspectives and experience to any wider global discussions, but the evidence is clear that without their engagement and cooperation, the benefits of aid and aid reforms to developing countries will be greatly reduced. There are also some important areas identified where their own work would clearly benefit from the recommendations emerging from this Evaluation.

### 6.1 To policymakers in both partner countries and donor countries and agencies

#### 1. Make the hard political choices and follow through

The High Level Forum in Korea needs to find innovative ways to re-enlist and maintain high level political engagement to take stock of experience, resolve hard issues and set future directions.

The high level forums have been the crucial occasions for political leaders to meet periodically to check progress, debate and resolve political issues and set the course for the next steps in improving aid. The Evaluation has repeatedly found that the key driver for successful reform in countries and donor agencies has been senior political engagement and support. Its absence may be one of the crucial reasons for lagging progress elsewhere. The high level political agenda needs to be non-bureaucratic and focused on political choices to attract and engage both experienced and new leaders, including those from countries and agencies not yet part of the Declaration coalition.

The Forum remains the right place to initiate new arrangements to sustain and widen the advances in joint international mechanisms for aid reform. It also needs to launch innovative ways of maintaining stronger political engagement *between* Forums in the continuing reform work on the ground. A stronger focus on actions at the country level will lose impact if it depends only on officials dealing with officials, or donor

officials dealing with partner country ministers. Whether further high-level forums or other settings can provide the best mechanism for the future, some high-profile and manageable means of maintaining engagement at senior political levels will still be vital.

## **2. Focus on transparency, mutual accountability and shared risk management**

The next phase of reforms to strengthen the effectiveness of aid should build on the gains of the Paris Declaration campaign and improve on it by going beyond the global banner of the 'grand declaration' to concentrate on the most needed changes. These include:

- deepening adherence to the principles of country ownership, alignment and harmonisation of donor support, and transparency and mutual accountability in tracking and achieving results;
- adding 'shared risk management' to this framework of principles; and
- focusing mainly on country-led, coordinated action on the ground, with joint country level forums managing aid relationships and the application of reforms.

Transparency has emerged repeatedly throughout the Evaluation as the indispensable foundation for effectiveness and mutual accountability. There is progress here to build upon. Raising shared risk management as a guiding principle will openly acknowledge that there are many uncertainties and risks in development and in partnerships. It will also express a mutual commitment to confront and manage risks and disagreements jointly, in the spirit of a mature partnership. This will clarify expectations on both sides.

Managing for development results should be further targeted and treated as a set of supporting techniques rather than a separate principle in itself. This will encourage a return to the original intention of the principle and the building up of appropriate and realistic systems for using information to improve decisions; strengthening performance on the delivery of results towards clearly defined development goals.

## **3. Centre and reinforce the aid effectiveness effort in countries**

Leadership in future aid effectiveness efforts needs to be clearly situated and supported at the level of individual partner countries, with stronger country-led mechanisms and independent facilitation as a widely used option. This should be supported by intensified peer pressure and monitoring of donor performance internationally (see Recommendation 11). At the international level, the superstructure of standard setting, analysis, reporting and monitoring on aid effectiveness needs to be re-set in order to be less onerous, especially for partner countries, and more directly useful.

The dominant findings of this Evaluation are that the main

aid reform principles and commitments of the Declaration are applicable to all forms of international aid, but the weighting, priorities and timeframes for reform need to be adapted to the wide diversity of situations found in different countries. Development cooperation and aid reforms now need to return to their foundations, and re-apply their focus to the country level. This will clearly situate and apply aid reforms in their real-world context and strengthen ownership, transparency and mutual accountability in their most relevant place.<sup>212</sup> Experiences from the countries need to be harnessed to provide the basis for future international standards and 'aid architecture', taking the next step onwards from the top-down style of much of the reform campaign since 2005.

Annual country-level forums, with the participation of development partners, are already the rule. These should be reinforced as the centrepiece of the system of shared information, mutual performance review, wider participation and consultation, priority-setting, commitment, alignment and harmonisation. More countries have in place or are now building their own strong mechanisms to track and manage these partnerships, and others that wish to do so need to be supported in this. Key quantitative targets and timeframes for reforms and performance should be selected, set and agreed at the country level. The negotiation of longer-term aid agreements between the partner country and all its donors should follow from these efforts and lead to much-needed improvements in the coordination and predictability of aid.

To help resolve the widespread deficit in mutual accountability and the genuine challenges in making it work, all countries should have the option of calling on independent facilitator/rapporteurs to monitor and help steer these processes. Objective individuals or small panels could make a major difference, working with the country participants and the donor community, drawing on the norms of good practice and providing their independent input to the annual forums and international reporting systems.

## **4. Work to extend the aid reform gains to all forms of development cooperation**

The unprecedented coalition in the international campaign for more effective aid and the most important improvements achieved need to be further widened to engage other forms of aid and other actors with their own approaches and innovations. This includes cooperation in fragile and humanitarian situations, new forms of support such as climate change financing, and the concessional development cooperation of providers now working outside the Declaration framework and parts of civil society, regional, South-South and 'triangular' cooperation.

<sup>212</sup> A variety of countries have led in experimenting with localised agendas for reform, with joint assistance strategies, and a wide range of other forums, structures and performance assessment frameworks. The Evaluation has found that even some of the countries often cited as advanced cases in these areas still have serious challenges to manage, e.g. Vietnam, Mozambique, Zambia and others. Nonetheless, the country-based focus still holds the best prospect for further advances.



Not all the new or growing forms of development cooperation have an aid component, and the proven norms should not be over-extended or watered down to try to go beyond aid. But, with a modest number of refinements and adaptations where they are shown to be needed, almost all of the 56 commitments of the Declaration – beginning with those that increase transparency – have proven valid and useful as basic norms and disciplines in virtually all forms of international support for development that have a concessional or grant element. This includes cooperation in fragile and humanitarian situations, new forms of support such as climate change financing, and the concessional development cooperation of providers now working outside the Declaration framework and parts of civil society, regional, South-South and “triangular” cooperation.

### **5. Reinforce the improved international partnerships in the next phase of reforms**

For the future, it will be vital to build upon the advances that have been made at the international level through purpose-built joint partnership mechanisms between partner countries and donors to pursue the Paris Declaration reform campaign. There must also be sufficient international processes and accountability requirements for continuing improvements.

It is beyond the mandate of this Evaluation to try to prescribe the form of future “institutionalised processes for the joint and equal partnership of developing countries and the engagement of stakeholders” envisioned in the Accra Agenda. These challenges are likely to be high on the agenda for the High Level Forum in Korea. The Evaluation does underline, however, that the key foundation must be a firm base of transparency on financing and activities at both the international and national levels.

With the proposed sharper focus on action in partnerships at the country level, the most important *international* need will be for more common purpose and demanding expectations on donors/agencies, whose activities span many different countries. The Joint Working Party on Aid Effectiveness (supported by the OECD/DAC) has played invaluable roles in helping bring aid reform efforts to this point, with much stronger collaboration than in the past between donors and partner countries. But this Evaluation has still found a potential and a need for tougher analysis, transparency, peer scrutiny and pressure among the providers of aid – including multilateral agencies and non-DAC providers of assistance – to expedite reforms. The bar has been raised, and so have the stakes.

## **6.2 To policymakers in partner countries**

### **6. Take full leadership and responsibility at home for further aid reforms**

Partner countries need to take on the full leadership and responsibility for further improvement in aid effectiveness in their own countries. This should be built on consistent engagement at senior political levels, stronger in-country

machinery for engaging and coordinating donors and a clear option of involving independent facilitator/rapporteurs to help monitor progress and support mutual accountability.

The Evaluation has found that country leadership, when backed by political will and sufficient organisation, is likely to lead to more effective aid and increased chances of better development results. So will a solid focus on aid reform at the country level, where aid can be managed in its proper context, and the most relevant reforms for the country’s own needs and capacities can be stressed. All the stakeholders, including legislatures, civil society and the private sector, can be more involved. Most importantly, by bringing the aid effectiveness agenda home, it is clear that countries can keep on improving their systems not just for better aid, but in ways that serve their wider priorities for development, as many countries are now showing.

The evidence is that most donors endorsing the Declaration will be prepared to rally behind clear country leadership, although some of their systems are not yet equipped to field the necessary authority, expertise and continuity on the ground. They will need to do more if the country determines that this is the most effective way to manage the aid it receives. By being more grounded in the country realities, both donors and partner countries will be held to more intensive scrutiny and accountability.

Strengthened, annual country-level forums, with the participation of all key stakeholders, offer the best potential to serve as the centrepiece of a continuing system of shared information, mutual performance review, priority-setting, commitment, alignment and harmonisation. Shared management of risks should be an explicit new theme. Key targets and timelines for reforms and performance should be selected, set and agreed at the country level. A manageable number of sectoral or thematic sub-forums has often proved useful, but they may need to be pruned when they do not yield fruit, rather than adding to a local aid-effectiveness industry. To support these systems, more countries should follow the trend of building their own mechanisms to track and manage information, including solid data on donors’ aid projections, commitments and expenditures.

A more grounded aid effectiveness system in countries will need to work for much stronger standards and arrangements for mutual accountability for performance and commitments. Consequently, it will need the maturity and resilience to acknowledge and confront disagreements. Due to the asymmetrical and complex relationships of an aid-receiving country dealing with multiple donors on difficult issues, it may often prove useful for an objective third party to help facilitate the relationships and the process at key points. Such arrangements have been used to good effect in a few past instances. This is the rationale for the recommendation that all countries have the option of calling on independent facilitator/rapporteurs to monitor and facilitate these aid management and

reform processes with representatives of the country and the donor community. They would be able to draw on the norms of good practice, and provide their independent input to the annual forums and international reporting systems as needed to support a more balanced mutual accountability.

### **7. Set strategies and priorities for strengthening capacities**

Most partner countries need to craft workable strategies for further strengthening the capacities to carry through their most essential public policies and operations. This would produce clearer priorities to steer the donor support that is pledged for this purpose.

The Evaluation has found that capacity constraints are the most prevalent source of difficulties in completing aid reforms and, even more important, for carrying out the essential functions that aid is intended to support. ‘Capacity development’ has been recognised as an urgent priority for decades, but progress has mostly been slow and difficult. It is ultimately a complex, organic and long-term set of processes – not an area for “quick fixes” or bureaucratically engineered solutions. The Evaluation has seen instances of promising steps but there is no model solution in sight. In addition to the many other efforts that countries have under way, the Evaluation found a widespread need for countries to set out key priorities for support to strengthen their own capacities. This is also the best way to secure and direct the increased and better-coordinated support that donors have promised for capacity development.

### **8. Intensify the political priority and concrete actions to combat poverty, exclusion and corruption**

Many partner country governments need to devote higher political priority and more focused action to further reducing the most stubborn development challenges of poverty, exclusion and corruption.

The Millennium Development Goals have done a good deal to raise awareness, rally efforts and monitor progress on globally agreed development objectives. However, the Evaluation has confirmed – in assessing the widespread lack of progress for the poorest, and particularly women and girls – that even the best of aid and aid reforms can encourage and reinforce, but not replace, strong and effective national commitment and action. Keeping in mind the varying results in different countries, it is important to recall the specific joint re-commitment in the Accra Agenda for Action that “Developing countries and donors will ensure that their respective development policies and programmes are designed and implemented in ways consistent with their agreed international commitments on gender equality, human rights, disability and environmental sustainability.” The fact that these priorities reflect not only widespread expectations but also shared international commitments clearly requires that they be central to both development strategies and to the continuing dialogue around aid and its implementation.

Meanwhile, the cancer of corruption, present everywhere in the world, is the focus of steadily growing public knowledge and anger in most countries. It is also the focus of the 2005 UN Convention against Corruption, which now has 140 signatories. In spite of a broad wave of initial plans and measures, corrupt practices continue to frustrate the best intentions and objectives of more effective aid and limit the potential for better partnerships. These objectives are first and foremost important to public confidence in partner-countries themselves, but they are also fundamental to aid relationships and to the support for aid in donor countries. Together with the policies and concrete actions needed, the handling of these issues will benefit from a redoubling of effort in transparency, more country-centred dialogue on aid management, and more open approaches to mutual accountability and risk management.

### **6.3 To policymakers in donor countries**

#### **9. Match the crucial global stakes in aid and reform with better delivery on promises made**

Most donor countries, at a top political level, need to register and rectify the gaps between their high stakes in aid programmes and in the historic compact to improve them on the one hand and on the other hand a slow and wavering record of reform.

Rising aid spending over the past decade almost certainly testifies to a growing support for development in donor countries for global political and economic reasons as well as solidarity. The Declaration compact was another major step – to tackle longstanding problems in aid in a new spirit of partnership and help the world’s poor build better lives in line with the Millennium Development Goals. It has attracted global attention and stirred expectations of important improvements in ‘North-South relations.’

As the Evaluation has shown, most partner countries have slowly but surely started making the changes to keep their more difficult side of the aid reform bargain. Moreover, a number of donor countries – all with their own political, institutional, and administrative constraints – have also shown that these can be overcome when sufficient political priority is invested and public understanding and support enlisted.

With the high geo-political stakes involved, and the shared political commitment to ‘far-reaching and monitorable actions to reform the ways we deliver and manage aid’<sup>213</sup> it is urgent that all donor governments find ways to overcome the internal institutional or administrative obstacles slowing their aid reforms. With political determination, even constraints like standard governmental budgetary, audit, or staffing requirements can be adapted to respond to the different requirements of effective work in development cooperation. The Declaration is fundamentally a compact between nations: it

<sup>213</sup> Paris Declaration, para. 1.

was premised from the start on an expectation of coordinated and harmonised action by donors, to follow and support the lead of partner countries. Without this, the consensus will fray, and the momentum will be lost.

### **10. Face up to and manage risks honestly, admit failures**

Donor governments need to acknowledge frankly that development and development aid are inherently uncertain and risky and put in place measures to manage risks jointly with partners in the spirit of a mature partnership.

In many donor countries, the period since the Paris Declaration has coincided with intense concerns about accountability for public spending that have at times translated into high levels of risk aversion. These tendencies have hampered good practice and many of the changes called for in the Declaration. But to try to avoid all risks in development cooperation is to risk irrelevance.

There are demonstrated ways of promoting a mature public understanding of the uncertainties and risks of development and aid work and how to handle and learn from them, including both cutting edge initiatives and the effective use of tools like evaluation.<sup>214</sup> Donors can learn from, and apply, some of these new techniques.

There is also further evidence in this Evaluation to support the conclusions of other major assessments that the new approaches to development cooperation are in reality no more risky than traditional tightly donor-controlled projects, and that there are sound ways of managing the risks in the new models while also enhancing the development benefits.

### **11. Intensify peer pressure on 'free-riders' for more balanced donor efforts**

Donor countries and agencies need to harness, at a high political level, the instruments of constructive peer pressure that were expected in the Declaration to be drivers of better collective performance – a minority of reform-minded donors cannot hold up the donor side of the compact on their own.

The Evaluation findings suggest that more partner countries can be expected to take the lead in defining their priorities, seeking to align and harmonise different donors' activities, secure and publish information about aid, and strengthen requirements for mutual accountability at the country level. It is clear that a number of donors are already working in

this mode and supporting its progress. Others are so far less willing or able to do so, resulting in highly uneven donor performance and an overall collective effort that falls short of the Declaration's agreed vision.

At the same time there are impressive examples of donors and partner countries working with host countries developing a wide variety of coordinated and harmonised support arrangements. There are clear reports of good prospects for further harmonisation and division of labour, particularly under the natural umbrella of the European Union and, for the UN family, the UN Development Assistance Frameworks and the 'one UN' concept.

Beyond these initiatives, however, there are relatively few mechanisms as yet for peer pressure to help to break through the barriers slowing some donors' progress. Peer pressure at the field level – where the needs and opportunities are clearest – is ineffective when field personnel are constrained by their headquarters. Instruments such as DAC peer reviews only take place periodically among the bilateral donors and may not influence top-decision makers or opinion-leaders in the countries concerned. Looking toward the High Level Forum – the most senior platform and opportunity for mutual accountability on aid effectiveness – it will be important for donors to use all possible opportunities for constructive peer pressure to ensure a more balanced and collective response by the donor community.

## **6.4 Concluding message**

This Evaluation – even with its wide and deep participation – is still necessarily selective. It cannot claim to provide the last word in assessing the effects of the Paris Declaration or pointing the way ahead for aid effectiveness. But the Evaluation has found that almost all the 56 commitments in the original Declaration – reinforced by the priorities adopted at the Accra Forum – have been and remain highly relevant for the improvement of development cooperation. That brief list of balanced commitments from 2005, deeply rooted in experience, has sometimes been lost from sight with the focus on broad principles, restricted indicators or emerging trends. But the commitment to aid reforms is a long-term one, and these clear original undertakings – which have attracted such unprecedented support – are neither fully implemented nor yet outdated. They still set the standard for the Busan High Level Forum and beyond.

<sup>214</sup> For example an innovative non-governmental organisation, Engineers Without Borders, has recently launched a refreshing initiative to publicise its own mistakes and invite others around the world to do the same (see [AdmittingFailure.com](http://AdmittingFailure.com)). In 2010 the Norwegian Agency for Development Cooperation won the annual national prize for the institution that has best demonstrated the efficient use of government resources for its use of evaluation results in its work. To be able to serve as a model to other public entities while working in the difficult field of international aid is evidence of how much can be done.



# ANNEXES



**ANNEX 1**  
**Executive Summaries of**  
**Phase 2**  
**COUNTRY EVALUATIONS**





# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### AFGHANISTAN

## Executive Summary

This report is the Afghanistan country level study, as a component of a larger study of the second phase evaluation of the Paris Declaration (PD) of 2005 on Aid Effectiveness. The second phase is a follow up to the first phase evaluation that reviewed the efficiency of the implementation process of the Paris Declaration, taking stock of progress made at the input-output levels and attempted to measure the changes induced by the Paris Declaration. The second phase focuses on the outcome results at the country level. Thus the report attempts to assess the changes in the effectiveness of (a) delivery of aid donors, as per the PD principles and their indicators; (b) utilization of aid by donors and local (Afghan) stakeholders, focusing on results in selected sectors; and (c) the partnerships promoted.

In all developing countries, and especially in situations of fragility, a straight track of advances in Paris Declaration implementation is difficult to say the least. PD requires cooperation between a variety of donors with various interests, not all altruistic, and the local partner governments at all levels, civil society organisations, parliamentarians and the private sector, all representing various interest groups. Evaluation of PD thus is severely limited by the impediments in the country context; the most significant of these among many are insecurity; incapacity of ministries and civil servants; inadequate and weak state structures at all levels, national and sub-national; competing interests (of persons and organisations) and the politicized and militarized character of foreign aid. Appraisal of the PD in Afghanistan is placed within this context; and the issues that tend to impede or promote application of PD are woven into the architecture of this report.

In addition, the inter-linkages of the basic concepts of the principles and Accra, that constitute the soul of Aid Effectiveness, are the basis of the analysis of all issues throughout the report. That the principles cannot be untied from each other and must be pursued in unison to achieve improved delivery and utilization of aid lies at the core of this report.

With respect to intermediate outcomes of PD implementation, while some progress is made, strengthening of all areas by both donors and partner government is a requirement if higher rating of progress in each of the principles is to be heightened. The true spirit of alignment demands better articulation of need-based development programs by the government and results identification with which the donors would align and harmonise. The donors cannot claim to contribute to Afghanistan's needs when a large number of the donor countries, especially the troops-contributing countries, are driven by political and military interests. Mutual accountability requires a well established system of accounting for development results – a Monitoring and Evaluation system – which is currently close to non-existent. Not much can be expected either for promotion of mutual accountability or managing for development results in the absence of the government's commitment to a robust monitoring and evaluation (M&E) system. Donors are failing to meet needs for untying, better coordination amongst donors and rooting out wastages and duplications through practicing of division of labour and following harmonisation with Afghan government established systems, such as public performance management system (well reformed), procurement system etc. Cooperation in some of these areas is dependent on delivery from the Afghan government, for instance, control of corruption.

But in other areas goodwill from the donors is inadequate, at best.

The presence of the Provincial Reconstruction Teams (PRTs) and the enormous impact of security on PD implementation was studied. Doubtlessly, allocation of aid resources, over the past years has been driven by security considerations although security has not improved. It is correct that the amounts of funds invested and the activities undertaken by the PRTs (either through embedded civilian structures or through the military apparatus) vary. Thus, some PRTs might be more successful in undertaking needs-based albeit short-term projects than others. But in the absence of any accounting, understanding of the results which the investments achieve is unclear as well. Improved accountability and better cooperation of the PRTs with authorities at sub-national levels are the first requirements.

With respect to development results, two (health and education) of the three sectors selected have better performance record in the country. The research on the third sector – water – was focused narrowly on trans-boundary water system development potentials. Water and sanitation, constituting the most important life needs of the poor, could not be studied due to constraint of time.

Both in health and education sectors, developments results are better achieved than in many other areas. Although both these sectors exemplify improved donor coordination, alignment and harmonisation with government programs, it is difficult to see an application of the PD principles in these areas as the major causes of success although these were contributory factors. Yet, one cannot deny the influence of reform-minded ministers and exemplary leadership was displayed both in developing needs-based programs and directed donor attention to the requirements for coordination, alignment and harmonisation.

An analysis of the interview results raises the issue of the need for systems development instead of leadership-led development. No doubt, for sustainability purposes, systems development is essential but without leadership, no system can take roots, especially in the beginning period of state building. With billions of dollars of investment in technical assistance, Afghanistan's state's legitimacy is still at stake. Partially, this might have resulted from poor quality and unplanned technical assistance delivery by donors, yet, undeniably, quality of leadership influenced utilization of assistance.

The conclusion chapter of this report measures progress against each PD principles and raises interesting questions about the degree to which these principles are relevant for fragile states. Questions raised and discussed address issues such as: *Is ownership illusory and alignment a myth?* What evidences exist to prove harmonisation is real? *Is managing for results* only a paper concept in the absence of a robust national M&E system? Does *predictability of commitments* remain a dream? Who ensures that *Aid is untied and for whose benefit?* *Is capacity building through technical assistance* getting the value for money? Do Afghanistan and its international partners realize the extent to which they are missing the opportunity of being *mutually accountable* to each other and to their own public by not taking more stringent measures in improving *aid delivery mechanisms* and *aid utilization* for producing better *development results* to benefit the people? Readers must take a critical look at these issues and determine if pursuit of Paris Principles of Aid Effectiveness is realistic in fragile situations and to what extent?

In the light of the nature of the study and the findings, briefly reflected above, a number of recommendations are offered, some of which are innovative in terms of setting "to do" tasks for both the donors and the government. The recommendations are practical. The pursuit of these would require planning and determination to follow up, if PD implementation is to obtain the desired results.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### BANGLADESH

## Executive Summary

### Introduction

The Paris Declaration (PD) on Aid Effectiveness is a landmark international agreement intended to improve the quality of aid and its impact on development. Bangladesh has been committed to the implementation of the PD since signing of the Declaration in March, 2005 and also reaffirmed its commitment as a signatory to the 2008 Accra Agenda for Action (AAA). Bangladesh developed a strategy and an action plan to implement the PD. As part of the strategy, Bangladesh took part in the OECD-DAC (Development Assistance Committee of the Organisation for Economic Co-operation and Development) surveys 2006 and 2008. Besides, Bangladesh took part in the country level evaluation of the PD (Phase 1) in 2008, aiming mainly to assess the utility of the PD as a tool for aid effectiveness and evaluate the change of behaviour of Development Partners (DPs) and Government of Bangladesh (GoB) in relation to implementation of the PD. To make further progress on the implementation of the strategy, GoB has volunteered to conduct the Phase 2 of the country level evaluation of the implementation of the PD in Bangladesh. The purpose of the Phase 2 evaluation is to document, analyse and report on the relevance of the PD in Bangladesh, progress of the PD implementation towards attaining the expected intermediate outcomes since signing of the Declaration in 2005 and PD's influence on strengthening contribution of aid to sustainable development results. The evaluation also includes studies on the implementation of the PD in three selected sectors namely, Health, Transport, and Power & Energy and a cross cutting issue: Climate Changes.

### Findings

#### a. Context of the PD Implementation

- I. **Bangladesh's dependence on aid**, in recent years, in terms of a number of indicators has declined. Nevertheless, aid continues to account for a high proportion of the country's development expenditure. The GoB therefore duly recognizes the importance of aid and its effectiveness and is committed to implement the PD in Bangladesh. Almost all donors operating in Bangladesh have also started paying increasing attention to the implementation of the PD principles.
- II. Bangladesh's **engagement with Aid Effectiveness** agenda started when OECD-DAC took initiative to harmonise donor practices in 2001 and since then it has remained committed to enhance aid effectiveness. This is reflected in the country's active participation in global decisions (Rome, Paris, Accra), as well as in national actions such as formulation and implementation of a National Development Strategy, introduction of an action plan to implement the PD and establishment of an Aid Effectiveness Unit (AEU) in the Economic Relations Division (ERD), the central agency responsible for coordinating aid management.
- III. Other notable activities in respect of **implementation of the PD** in Bangladesh are efforts to disseminate PD commitments to the officials of line ministries, participation in the DAC Surveys 2006 and 2008 and Phase 1

evaluation of the implementation of the PD. Bangladesh also regularly participates in international meetings in connection with the implementation of the PD. However, all activities relating to the implementation of the PD are concentrated in the ERD, more specifically in AEU. Despite ERD's effort to disseminate, there exists a serious lack of awareness and ownership of the commitments of the PD and AAA amongst line ministry officials. There is also no dedicated outfit or desk in the line ministries to implement the PD.

- IV. The **PD implementation** efforts gained significant momentum in 2008 when the GoB and the DPs in Bangladesh signed a statement of intent to develop a **Joint Cooperation Strategy (JCS)** for working together. The JCS which was made operational in June, 2010, provides a partnership framework for GoB-DP cooperation and collective dialogue. It also provides a mechanism for aid coordination and an annual rolling action plan to implement the commitments of the PD and AAA.
- V. GoB and DPs have jointly established a multi-tier structure for GoB-DP dialogue and coordination. The apex tier is the high level forum for dialogue and coordination called **Bangladesh Development Forum (BDF)**. There was ministerial-level representation from GoB and high level participation from donor HQs in the two BDF meetings held so far in 2005 and 2010. Aid Effectiveness was an important agenda for discussion in BDF meetings. The other important tier for aid coordination is the **Local Consultative Group (LCG)** and its working groups. It is stipulated that the plenary as well as the working groups of the LCG, will be co-chaired by GoB and DP representatives and will meet regularly for review of progress and coordination. However, functioning of LCG working groups is yet to gain momentum.
- VI. The country has not formulated an **Aid Policy** yet and has not set any target of preferred mix of modalities. Programme-based (including budget support) aid in Bangladesh remains far below 66% target.
- VII. A substantial portion of donors' assistance is channelled through **NGOs**. They operate completely outside the GoB-DP official collective dialogue structure and the JCS framework, leaving scope for potential overlap and duplication with the development programmes of the government.

#### **b. Implementation of the PD and AAA Commitments**

- VIII. The **GoB's leadership** in aid coordination in recent years has increased. Since the signing of the PD in 2005, there has been a growing awareness in the country that the GoB should take lead role in aid coordination. GoB is increasingly playing a lead role in LCG and BDF meet-

ings. However, GoB is yet to fully assume the driving seat in matters of aid coordination.

- IX. **Country ownership** in the formulation of national development strategy has been established. Bangladesh has been preparing its National Development Strategy in the form of Poverty Reduction Strategy (PRS) called National Strategy for Accelerated Poverty Reduction (NSAPR) since 2003. The current NSAPR-II (Revised) was launched in 2009 for three years, FY 2009-11. NSAPR-II (Revised), developed through a country led process, sets out clear strategic priorities. However, there is no framework for translating those priorities into result oriented operational programmes with effective linkages to Medium-Term Budget Framework (MTBF) and annual budget. Extensive consultations have been made with various stakeholders in the preparation of NSAPR.
- X. The engagement of the **Parliament** in the preparation of National Development Strategy (NDS) has slightly increased. For the first time a NDS, the NSAPR-II (Revised) was up in the parliament in 2009 for discussion before its finalization. In the absence of properly functioning local government institutions, the role of local bodies in the planning process remains limited.
- XI. Insufficient **capacity** to plan and manage development projects continues to remain a major challenge to improve aid effectiveness. A comprehensive strategy for capacity development around which all donors can coordinate is yet to be developed. As a result, individual donor support is often narrowly focused on project based, fragmented capacity development initiatives with little impact on overall capacity development. GoB's practice of frequent transfer of officials has also not helped to utilize the skills of trained officials efficiently.
- XII. DPs are increasingly basing their **support** on the strategic priorities of NSAPR. This is evident from recently formulated Country Assistance Strategies/programmes of several DPs. Despite progress in aligning with NSAPR priorities, use of country system by DPs in Bangladesh remains limited. Use of Public Financial Management systems remains confined to some sectoral programs only. DPs use country procurement systems only in respect of local purchases. International procurements following DP's procedures are often cumbersome and time consuming, leading to delay in project implementation. Donors attribute their reluctance to use the country systems to fiduciary risks and lack of trust in the implementation of the system.
- XIII. GoB has been implementing reform programmes to improve **Public Financial Management (PFM)** since 1992. These reforms have contributed to strengthen substantially the capacity of the Finance Division and

other related agencies, but financial management in line ministries remains weak. Similarly a major reform programme has been implemented to improve the **procurement system** which has led to significant improvement in legal and policy framework and to an extent transparency of the procurement process without much impact on the overall efficiency of the system.

- XIV. Many donors have closed their parallel **Project Implementation Units (PIUs)**, but there is an overall increase in the number of PIUs. A few such PIUs play key role in implementing aided projects in many important programmes, e.g. in health and education sectors.
- XV. There has been some progress in **harmonisation** in terms of, (i) increased number of joint arrangements in the form of SWAPs and partnerships under multi-donor trust fund; (ii) Use of common procedures in planning, financial management and procurement in case of partnership under joint arrangements and (iii) Increase in the division of labour. Other elements of notable progress in respect of harmonisation are: agreement to prepare a concept note on division of labour, conducting joint assessments and reaching a consensus to practice more collaborative behaviour under JCS. However, the progress is still lacking in the use of donor comparative advantage and complementarities under GoB led initiative.
- XVI. **Aid predictability** in Bangladesh has recently improved significantly. Almost all the donors are indicating, through country assistance programmes, their multi-year commitments. Despite progress in predictability, the **rate of disbursement** against commitment has not shown much improvement. On an average, around 20% of the aid remains undisbursed yearly, resulting in the accumulation of over US\$ 9 billion in the pipeline. GoB's capacity constraints, project implementation bottlenecks, complicated donor procedures (particularly procurement procedures) and conditionalities are considered as major causes for slow disbursement.
- XVII. Most of the DP country offices in Bangladesh reported **enhancement of their decision making authority** since 2005. A few DP offices have established dedicated desk for implementing the PD. However, country offices still need more authority to resolve expeditiously many matters relating to procurement and other project implementation issues. Many GoB officials and Civil Society members feel that there has been a positive change of DP behaviour since 2005 in respecting country ownership and mutual accountability, despite limited incentive for promoting such change.
- XVIII. **Global programmes** operating in Bangladesh have not been sufficiently integrated into national planning and budgeting system though they are making useful con-

tribution in important areas such as child immunization and preventing AIDS, malaria and tuberculosis. However, there is a limited integration of such programmes at sector level.

- XIX. Progress in the area of **managing for results** is little. Except MDG progress report, there is hardly any reporting on results. A national development result framework is being drafted under GoB-DP partnership arrangement through JCS. MTBF provides a framework for linking expenditure and results but its application is still very limited.
- XX. An effort is being made to enhance **mutual accountability** through operationalization of the JCS. Providing information on aid flows by DPs has improved and the annual report on aid flows compiled by the ERD on the basis of such information is now available on the website for public use. However, national aid information management system needs further improvement and modernization to generate information on a more comprehensive basis.
- XXI. Certain measures including establishment of an independent Anti Corruption Commission and enactment of a number of legislations have been made in recent years to **combat corruption**. Despite these measures taken by the GoB and some initiatives from DPs, corruption remains a formidable challenge.

### c. The PD and Development Results

- XXII. In Bangladesh, aid has helped to accelerate growth, reduce poverty and achieve progress in MDGs by financing public expenditure in some key physical and social infrastructure sectors such as power, transport, health and education. Aid has also financed some social safety net and income generating programmes for the poor and has facilitated policy reforms in macroeconomic and financial sector management, foreign trade and key areas of governance. Taking note of the fact that it would not be easy for the government to replace aid with domestically raised resources, it can be hypothesized that aid has made contribution to development results. The PD has brought the aid effectiveness agenda in the forefront of aid management and motivated initiation of processes like, strengthening NDS, developing a GoB-DP joint cooperation strategy, greater focus on result-oriented aid delivery and improving transparency and mutual accountability. These processes are expected to enhance contribution of aid to development results. However, at this stage it is difficult to judge the extent to which the contribution of aid to development results can be attributed to the PD. The Declaration also does not provide any explicit guidelines as to how aid should be delivered and managed to attain desired development results.

## Recommendations

- I. ERD should continue the on-going initiatives to disseminate the commitments of the PD and AAA to the officials of the line ministries and other relevant GoB agencies. The dissemination should be targeted to reach all relevant levels in the government.
- II. Engagement of line ministries in the implementation of the PD and related activities should be enhanced by GoB. A dedicated aid effectiveness outfit or a desk in the planning/development wing should be established in the major aid utilizing line ministries for implementation of the PD.
- III. The Aid Effectiveness Unit in ERD should be further strengthened and a plan should be developed to sustain the unit when the donor support expires.
- IV. An Aid Policy should be formulated by GoB in consultation with DPs and other relevant stakeholders without further delay.
- V. National Aid Information Management Systems should be improved to include information on aid disbursed through all channels including NGOs and distribution amongst different aid modalities. Mutually agreed result-based reporting system should be developed.
- VI. The GoB and DPs should engage in a dialogue to find ways to bring aided programmes of NGOs under JCS framework for better coordination and improving aid effectiveness.
- VII. Upcoming 6<sup>th</sup> five-year plan should explicitly provide a framework to translate its strategies into operational programmes and linking them explicitly to MTBF and annual budget.
- VIII. The aid financed projects should be demand driven, prepared and designed through a country led process. Local level development plans at Upazila level should be developed and those plans should be prepared in consultation with local stakeholders. DPs should provide additional aid resources to finance their implementation.
- IX. GoB should introduce a more decentralized system of decision making in the management of aided projects.
- X. GoB and DPs should engage in a dialogue for developing a comprehensive government-wide capacity development strategy for managing development programmes/projects. Such strategy should aim to develop individual as well as institutional/organisational capacity to conceive, prepare, implement and monitor bankable projects. All DP support for capacity building should be aligned to this comprehensive strategy.
- XI. A GoB-DP dialogue should be arranged on the use of country systems/procedures. A mutually agreed realistic action plan should be developed to enhance the use of country systems particularly in respect of PFM and procurement. Pending full use of the country system, DPs should simplify their approval procedures by delegating more authority to country offices for expeditious disposal of procurement proposals.
- XII. Preparation of the concept note on division of labour among DPs, as indicated in the JCS action plan, need to be completed.
- XIII. Disbursement and utilization of aid should be improved by removing project implementation bottlenecks. GoB and DPs should engage in a dialogue to find a way out for utilization of the undisbursed aid that has accumulated in the pipeline over the years.
- XIV. GoB and administrators of global programmes which are in operation in Bangladesh should take steps to integrate those programmes into national planning and budgeting system.
- XV. GoB in collaboration with DPs and other relevant stakeholders should prepare a national development results framework with specific and measurable indicators to assess the impact of development programmes.
- XVI. GoB and DPs should mutually strengthen efforts to improve transparency and take measures to prevent any corruption in the delivery and management of aid.
- XVII. In the upcoming HLF in Busan, South Korea in 2011, the participating countries and agencies should formulate clear guidelines as to how aid should be delivered and managed to attain better development results.



# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### BENIN

## Executive Summary

**Paris Declaration in context:** The way Official Development Assistance has evolved in Benin was influenced by factors associated with policy priorities and various reforms, the country's economic situation, natural disasters, etc.

In terms of policy priorities and the various reforms, Benin is characterised by a climate of peace associated with a good practice of democracy since 1990.

In terms of the economy, Benin has been engaged in the implementation of each generation of the Poverty Reduction Strategy Papers (PRSP) since 2000. These documents, which have served as the frame of reference for economic policy for each political regime, are also the preferred and only framework for dialogue between government and partners.

As regards social measures, a factor that has a significant influence on aid flows, the Benin government resolutely included the areas of education, health and access to drinking water in its priorities, in keeping with the Millennium Development Goals (MDGs). This particular focus on these various sectors and the encouraging results observed in these areas have had a great impact on aid to the country and continue to be the concern of donors and development partners.

Unlike these factors that have had or continue to have a positive impact on aid to Benin, there are also internal and external facts and elements that have not fostered or that do not have a positive impact on aid. Internally, these include successive approvals of finance laws by executive decree between 2007 and 2009. By undermining credibility in the way public

funds are managed, this situation would significantly curb the fulfilment of commitments by donors. Externally, they concern, in particular, the international economic environment, marked by relatively stable growth in most zones between 2005 and 2007, which should help increase aid to Developing Countries in this period. However, the Benin economy was not spared the effects of the global economic and financial crisis that came in the following period.

### Processes and intermediate results

**Ownership:** In terms of ownership of the national development process, the evaluation revealed the existence of a national development strategy with a long- and medium-term focus but with a few consistency issues with regard to sectoral strategies. As well, at the sectoral level, there are sometimes programme budgets, that is sectoral programmes without any associated strategies. This observation is linked to the delayed updating of strategies in certain sectors, which temporarily reveals this gap in consistency between sectoral strategies and the sectoral programmes aimed at ensuring their operationalisation.

**Alignment:** The results of the investigations showed that more and more, aid is aligned with national priorities, even though obstacles resulting from the mandate given to the Technical and Financial Partners (TFPs) and a priority deficit in the operationalisation of the Growth Strategy for Poverty Reduction (GSPR) were noted by all parties. This alignment has translated into relatively high budgetary supports starting in 2005 and consideration for the government priorities set out in the

Growth Strategy for Poverty Reduction and in the Strategic Development Orientations of donors' assistance strategies. It is the case of the World Bank's Country Assistance Strategy and of the European Union's Indicative Programme.

The results in the management of public funds and government contracts between 2006 and 2007 support the government's commitment to bring national systems up to current standards. But since that time, efforts to clean up the country's finances have slackened, severely strained as a result of the global economic and financial crisis that prevailed between 2007 and 2008. The country's economy is still showing the effects of that crisis.

**Harmonisation:** Notable advances have been made with regard to the efficient and optimal use of common arrangements and procedures to reduce or eliminate overlaps and reduce transaction costs. Most TFPs working in Benin are stakeholders in shared cooperation initiatives involving multiple donors: (i) Budgetary Support, (ii) Common Education Fund, (iii) Water, (iv) Health. In addition, as part of the reform of United Nations System agencies, "One UN – Uni dans l'action," a joint action programme is planned that does not, however, hamper their autonomy.

**Results-based management:** The establishment of programme budgets – made possible with the support of a new loan mechanism from the World Bank – led to the creation of the Public Expenditure Reform Adjustment Credit. The introduction of programme budgets in Benin made it possible to introduce the evaluation of performance. Follow-up/evaluation units were established in government departments within the Planning and Prospective Directorate. These units are tasked with producing an annual performance report, which must include a performance evaluation for each programme based on indicators and comparing results against objectives. In terms of policy, the government has undertaken the systemisation and legalisation of the results-based management approach. To this end, the draft Organic Law on Finance Laws was finalised and validated in February 2009. It was aligned with the new directives of the West African Economic and Monetary Union adopted in June 2009. This new version will be validated in 2010, then transmitted to the government for approval before the National Assembly convenes for its adoption. Most of the progress made is at the institutional level. Conversely, the results-based management approach has trouble finding root in the day-to-day practice of the public administration, which means that results are associated with spending credits.

**Mutual accountability:** The government has deployed considerable efforts to involve parliamentarians and non-government players in the development and evaluation of development strategies. But missing from this approach are (i) the effective participation by members of parliament, often represented by the Assembly's evaluation units; and (ii) the involvement of umbrella organisations of Civil Society Organisations at the local level. Donors still do not provide informa-

tion on the aid granted in a timely manner, which makes it more difficult to track aid in Benin. As regards both parties, major progress has been made in government-TFP dialogue, joint evaluations, the joint drafting of fact books, etc. However, schedules still need to be reorganised to make the dialogue less restrictive for the government, and conditions for budgetary support to Benin still need to be lessened.

**Development results:** The implementation of the Paris Declaration contributed to making aid more effective by further reinforcing the harmonisation of procedures and the use of joint arrangements between TFPs. For example, the poverty rate dropped 3.9%, and the Gini index of inequality was decreased by 0.06 between 2006 and 2007. In addition, the growth rate rose from 3.8% in 2006 to 4.8% in 2007, and then to 5.0% in 2008. However, this growth was slowed in 2009 due to the rebound effects of the global financial crisis (drop in exports and consumption) and the measures taken by Nigeria in response to the food crisis. Thus, the growth rate for 2009 fell back down to 2.7%. Laudable efforts were made by the government with technical and financial support in the large-scale collection of data, providing development results in favour of women, men and excluded groups. The Integrated Survey on Household Living Conditions of 2006 and 2007 illustrates this perfectly.

## Key lessons on common issues

### Processes and intermediate results

**Ownership:** Beyond the institutional framework, proper aid coordination presupposes the existence of a reliable aid information system and the proper clarification of the roles and responsibilities of each player. Moreover, data on public development aid are not centralised, despite the existence of a dedicated structure intended for that very purpose.<sup>1</sup> The data tracked at the national level often do not correspond with those collected directly from donors by the OECD Development Assistance Committee. The data on budgetary support seem to be the best tracked by the government.

**Alignment:** All of the partners with whom we met deemed the national public financial administration and contracting system rather ineffective and susceptible to corruption. This state of affairs would, in fact, explain the weakness of certain levels of budgetary support and the conditions that TFPs impose on some of their support. It is accordingly important that initiatives taken by the government and supported by TFPs to reverse this trend – the implementation of the Public Financial Management Reform Programme and the adoption of enforcement decrees for the new government contracting code – are completed.

**Harmonisation:** Work remains to be done to internalise donor comparative benefits as part of aid partnerships. In the long run, this should make it possible to develop strategies to improve and optimise donor complementarity and lead to

<sup>1</sup> Outside the capacity issues facing this structure (DGIFD), the database devoted to this aspect is obsolete.

greater effectiveness by reprogramming aid based on the relative capacities of donors. As a result, complementarity between donors was not much developed, as mentioned by the OECD. It was mostly limited to coordination efforts. Another key limitation cited to justify this low level of complementarity between donors is the non-harmonisation of their funding planning activities. To this end, it would be important to revisit the pending national aid policy by building in the comparative advantage of donors. It would be equally important that donors work to coordinate their funding planning mechanisms.

**Results-based management:** At the organisational level, the necessary strengthening of the results culture requires a series of internal reforms, and in particular the development of human resources, the development of the capacities of partner countries (including with respect to statistics), the strengthening of the evaluation process, the strengthening of the links between results and the planning and budgeting process, and, above all, the promotion of leadership and accountability.

**Mutual accountability:** The government should get members of parliament directly involved through parliamentary commissions that could take stock of the situation and propose measures to be taken into account in the development of national development strategies. Furthermore, the aid information system should be completely reorganised. Finally, it is important that both parties agree on the schedules for missions to make them more manageable by the government, as well as on the relaxation of the conditions attached to budgetary support.

## Key recommendations

As regards the general overview of the implementation of the five principles of the Paris Declaration at the national level, recommendations need to be made to all development players, particularly the government, non-government players and donors. The following is accordingly recommended:

### To the Government of Benin

- Designate, through an administrative act, the Lead Minister in charge of Development Assistance Coordination
- Update decrees relating to the operation and responsibilities of aid chain structures
- Integrate strategies to improve and optimise donor complementarity in the National Policy on Development Aid document
- Improve administrative governance to strengthen the institutional mechanism for the management and coordination of development aid
- Identify priority actions that should benefit from outside resources in local communities and non-government

players with a view to achieving the Millennium Development Goals by 2015

- Take administrative and institutional measures to encourage parliamentarians to vote on finance and regulatory legislation in a timely manner to improve the administration of public funds
- Establish enforcement decrees for the new public contracting code
- Revitalise public-private partnerships
- Step up the transfer of skills and resources to local communities
- Strengthen the relation between results and the planning and budgeting process
- Consolidate the links between Communal Development Plans, Sectoral Strategies and National Development Strategies
- Develop and implement a plan to build capacities and develop the human resources of the structures responsible for coordinating aid

### To the Technical and Financial Partners

- Expand the establishment of common procedures and arrangements to reduce or eliminate overlaps
- Harmonise funding planning mechanisms taking into account various comparative advantages and the sound occupancy of the national area
- Unify operational programmes and plans between agencies
- Reduce the volume of operations not using national procedures
- Ensure greater predictability regarding time and volume in the granting of aid
- Strengthen the capacities of local offices and make them more autonomous
- Ensure better consideration for national development strategies in the development and implementation of country assistance strategies
- Encourage emerging donors and Chinese/Arabic funds to adopt the Paris Declaration process

### To parliamentarians and non-government players

- Increase the involvement of Civil Society Organisations in the establishment of development policies and in citizen control
- Step up the regulatory legislation voting process in the National Assembly
- Step up the voting process for laws and other legislative texts aiming to bring public funding and contracting channels up to current standards
- Strengthen parliamentary control through the creation of control commissions and the questioning of government

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### BOLIVIA

## Executive Summary

DISCLAIMER: The content and views expressed herein are those of the authors and do not necessarily represent those of the Ministry of Development Planning or the Vice Ministry of Public Investment and External Financing. Pursuant to the terms of reference and guidelines for countries participating in National Evaluations of the Paris Declaration, Phase 2, the elaboration of the reports was carried out by independent consulting firms, with the financial support of the Dutch Government.

## 1 Context

The evaluation of the Paris Declaration in its second phase in Bolivia has been prepared during a period of important changes in the architecture of the Bolivian State, changes that appeared after the emergence of the Movement Toward Socialism (MAS, for its name in Spanish "*Movimiento al Socialismo*") as the leader of the transition from a State that implemented several reforms with a market approach towards a State that functions with a Social Communitarian approach.

The profound transformations generated by the process of nationalization of strategic enterprises, the policies of austerity, fiscal discipline, coupled with a favorable international context with an unsurpassable situation in terms of trade due to an increase in demand for gas and minerals have led Bolivia to stand in a stable macroeconomic framework. The levels of foreign international reserves of the Central Bank and fiscal surpluses are very different from those levels seen before 2005, in which period Bolivia had to face a fragile fiscal environment and dependence on international aid. Consequently, Bolivia has financed with internal resources more than two thirds of its public investment in 2007. In this sense, the country was able to exercise effective sovereignty in its relations with the donor community.

The evaluation of the Paris Declaration comprises two phases. Bolivia is the only Latin American country who undertook the first phase of the evaluation in order to assess the implementation of the Paris Declaration, analysing the change in the behavior of donors and government arising from its commitments and the application of its principles as well as the implementation of its pledges under the assumption that progress related to these will lead to more effective development assistance.

### National Evaluation, 2<sup>nd</sup> Phase

The Bolivian evaluation included the following activities: i) elaboration of a National Evaluation in accordance with international guidelines, and ii) elaboration of a thematic study "Technical Assistance in Bolivia: Results and Perspectives in the Development Agenda". The National Evaluation was carried out by "Strategy Advisors for Government Reform" and the Technical Assistance thematic study was undertaken by "Corporación Calidad S.R.L.", both independent consulting firms based in La Paz, Bolivia.

A National Reference Group was defined comprising representatives from government, donors, non-governmental organisations, academia and civil society. The national coordination was in charge of the Ministry of Development Planning

through the Vice Ministry of Public Investment and External Financing.

## Scope of the Evaluations

### A. National Evaluation

The thematic extent of the evaluation was determined by the operational matrix: i) the Paris Declaration within the context; ii) processes and intermediate effects; and, iii) impacts on development. The evaluation also considered specific issues for Bolivia, defined by the National Reference Group: i) Role and implications of implementing agencies for aid effectiveness; ii) Relationship between government and international cooperation: retrospective and outlook; iii) South-South Cooperation: impact on aid effectiveness; iv) Assistance for programs versus Assistance for projects; v) Financial operations and use of national systems; and vi) Social control mechanisms and accountability schemes.

The evaluation included review of secondary information, processing of data related to external financing provided, and the application of 90 questionnaires and 15 vouchers to donors, governmental institutions that receive assistance, non-governmental organisations and civil society. Approximately 51 percent of all donor countries and agencies operating in Bolivia registered at the Ministry of Development Planning database were contacted; they represent 54 percent of the financing contracted between 2000 and 2009.

The evaluation analysed the effects of Paris Declaration at three levels of government: national, departmental (Departmental governments of La Paz and Santa Cruz) and municipal (Municipal Governments of La Paz, Sucre and Cobija). The selection of sub-national scenarios sought to balance: i) regional (East and West); ii) population size (large, medium and small municipalities) and iii) volume of aid commitments recorded for departmental governments. The extent of the time period for the evaluation includes the years 2005 to 2010. However, for comparative purposes, historical information was used in order to characterize the period prior to the approval of the PD (2000-2004).

### B. Thematic Study on Technical Assistance

The study on technical assistance was chosen because of its relevance in the context on official development assistance in Bolivia and the necessity of assessing its results in light of the commitments established in the Paris Declaration and the Accra Agenda for Action.

Nineteen donor offices participated in the study. The extent of the time period included the years 2007 to 2010, covering only activities that started in these years. The analysis excluded technical assistance activities provided through private sector and civil society entities (i.e. non-governmental organisations).

## 2 Main findings

### 2.1 National evaluation

- The principle of **ownership** had a moderate progress during the past five years period in which construction of leaderships within the framework of the current process of change was observed. In the late 1990s and at the beginning of the last decade, Bolivia was a diligent student of the exercises to improve the effectiveness of official development assistance; however, fiscal fragility and political instability did not allow the continuation of such exercises. The National Development Plan is a broad planning instrument that has limitations when there is the need to put into operation its strategic lines, and its framework of indicators is limited, as well. Sub-national levels perceive little progress in the ownership of development processes undertaken by the central government. In recent years, the high turnover of technical staff in the ministries, the changes in institutional structures and the lack of clear sector strategies limit the exercise of real leadership in the implementation of development processes, and the inclusive approach is lagging behind even more when confronting the new challenges of local autonomies.
- In terms of **alignment**, the progress observed, on average, is moderate. In the past, international cooperation was reluctant to use national administrative and control systems. This reserve is diminishing, and the bilateral cooperation for the most part uses national procurement and financial systems. Multilateral agencies prefer to use their own financial and procurement systems, due to the slow pace of the national systems and the lack of confidence in the adjustments that are being applied to the rules of the governing Law. The greater use of programmatic approaches (especially at the sector level), and the degree of decentralization of the international cooperation seem to favor the use of national systems.
- There is significant progress concerning reduction of the conditions and requirements that the government must meet to receive foreign assistance. Moreover, the number of operations that do not require matching funds is increasing. Progress of alignment is possible because decentralization processes are gaining ground due to a greater delegation of authority from Headquarters to Country Offices.
- "Donor-driven" practices have declined substantially, perhaps not due to the Paris Declaration per se, but due to the fiscal capacity that Bolivia has at the present time, which allows the country to be more selective in the cooperation that it receives, exercising the principle of sovereignty. In this regard, several donors who traditionally supported strategic areas such as institutional support, justice and governance withdrew their help at the request of government.

- Official Development Assistance channeled through non-governmental organisation is substantial – in the case of some bilateral donors – responding to policies defined at headquarters. The government has stated the necessity to address this situation, considering that the current applicable legislation is subject to improvements.
- Progress concerning **harmonisation** is also considered moderate, because there is no mapping of comparative advantage of donors led by the government. After a period of uncertainty in the relations between the government and the donor community, in 2006, the Group of Partners for Development of Bolivia (GRUS, for its name in Spanish), emerged in order to improve aid effectiveness in achieving the objectives of the National Development Plan and the Millennium Development Goals following the Paris Declaration. This forum has several sector committees; however, there is a perception on the part of the government that the work of GRUS is not operational as of today.
- The European Union is promoting a process of harmonisation in the GRUS within the framework of the implementation of its Code of Conduct on Complementarity and Division of Labour. However, the division of labour is not clear yet and the agencies tend to concentrate their efforts in sectors where there are management skills that ensure the implementation of programs; therefore, these agencies can show the benefits from the aid provided to their headquarters at the expense of weaker sectors within institutions that do not have implementation capacity, sectors that donors try to avoid with regards to new programs.
- On the part of the government, the most noteworthy action is the approval of Supreme Decree 29308, which establishes the regulatory framework for the implementation of external resources that are received as donation.
- Bolivia is moving towards aid modalities such as basket funds and budget support. Despite the interest that different sectors have in participating in such initiatives, one of the main constraints for implementing these modalities is the institutional weakness at the ministries. The absence of implementing units has generated a workload that can hardly be handled, because of the limited capabilities with regard to management of trust funds.
- The fragmentation of external financing has not changed substantially. In 2005-2009, the top five donors accounted for 65 percent of disbursements while the top ten represented 81 percent. In 2000-2004, the top five donors represented 68 percent while the top 10 represented 84 percent.
- There is no significant progress in terms of **management for results**. There is no culture regarding management for results in the State and this weakness is attributable not only to governmental agencies, but also to donor agencies, who have indicated the difficulties they have when they need to harmonise common evaluation standards across agencies. Traditionally, program evaluation was based on the analysis of the levels of financial implementation, which may lead to erroneous results regarding the effectiveness of aid.
- In the area of **mutual accountability** between donors and the government there is little progress. There are scattered efforts of various actors, which could eventually become a structured and effective system of accountability of the government towards the general public. The application of this principle involves the development of actions to add more transparency to public management. Although a new anti-corruption law is achieving improved levels of transparency, it has generated a series of delays in several processes because of the fear that public officials have concerning their responsibilities set out for them in this new legislation. The government is promoting Public Hearings so the Ministers of State can present their reports to the public.

#### **Witness Sector: Health**

- The Ministry of Health recently presented its Sector Development Plan 2010-2020; this exercise is considered useful for aligning the International Cooperation with regard to the priorities of the sector.
- The Health Sector shows a relatively favorable performance in achieving the Millennium Development Goals, with significant progress in reducing chronic malnutrition and child mortality, but limited progress in the reduction of maternal mortality.
- The Ministry of Health has implemented public insurance schemes prioritizing vulnerable groups, particularly for single mothers' and the elderly. In the same way, programs related to public issues such as the Expanded Program on Immunization and other programs of disease control (chagas, malaria and tuberculosis, among others) were supported by the donor community. Currently, the Zero Malnutrition Multi-Sector Program, whose funding includes resources from a basket fund, is succeeding in the reduction of the prevalence of chronic malnutrition in the population of children under two years who live in municipalities that are highly vulnerable with regards to food insecurity.
- Although challenges remain, development cooperation has helped improving the leadership role of the Ministry of Health in the past years by strengthening the strategic planning area in terms of negotiating skills with international cooperation agencies, and by improving the decision making skills of the network of services through technical assistance services and provision of equipment and infrastructure.



## 2.2 Thematic study on technical assistance

- The Paris Declaration has a significant change in terms of leadership by the Bolivian government in defining its priorities for Technical Assistance. The Bolivian government has made the priorities established in the National Development Plan the guidelines under which donors based and aligned its technical cooperation programs.
- There appears to be changes in the form of provision of technical assistance after the Paris Declaration, but it is necessary to make operational the strategic guidelines laid out in the Declaration, which establish indicators for the short and long term.
- A major challenge of the current state of technical assistance provision will be to articulate the planning and management stages in order to keep priorities at the executing level, introduce staff permanence, organise the demand for technical assistance and to establish a results-based management.

### Ownership

- The planning in Bolivia was developed at a macro level, and therefore the planning process in most public institutions is not structured so that the operational level to perform an adequate monitoring and evaluation for technical assistance projects is possible.
- The best management structure for technical assistance is in those institutions where there is a strategic planning system and in institutions with experience in technical assistance.

### Alignment

- Donors seek to align with national priorities by supporting lines of cooperation with the guidelines established in the National Development Plan.
- The dynamism of national priorities, sub-national, local and institutional coordination make coordination difficult within sectors.
- There are no regulations and procedures specifically governing Technical Assistance, and the existing regulations and procedures are geared towards public investment.

### Harmonisation

- There has been an improvement in the level of coordination of international cooperation, which is reflected in the implementation of basket funds and the GRUS.

### Management for Results and Mutual Accountability

- Bolivian institutions do not have an administrative model of management for results, and therefore its application is limited.

- There is not a shared assessment between recipients and donors. Specifications are needed in order to measure capacity development.
- It is important to distinguish between mutual accountability and co-management, since mutual accountability is a joint process ranging from planning, execution, evaluation and monitoring.

## 3 Recommendations

- With the substantial change in Bolivia's fiscal capabilities during the second half of this decade it is interesting to find some limitations on the scope of the Declaration of Paris. While the principles may apply, the evaluation of efficiency improvements in managing development cooperation should be looked at in more details to find true evaluation parameters.
- Currently, ownership and alignment are obvious conditions for an appropriate relationship between international cooperation agencies and the government of Bolivia. The challenge seems to be to systematically advance in the harmonisation process.
- Donors should exert utmost efforts to ensure that the government takes ownership of GRUS, as a vehicle that could allow implementing effectively the Paris Declaration principles and Accra's priorities.
- Regarding the division of labour, it is important for the International cooperation to introduce in the design of this exercise a component that encourages donors to have a portfolio of cooperation activities that have been agreed with the government, and where donors do not concentrate their assistance only in areas that have higher institutional and resource management capacities.
- International cooperation has the challenge of contributing substantially to the introduction and strengthening the management for results practice, and sticking to these principles themselves. Joint and timely assessments of achieved results with the government are needed.
- Considering the increasing pool of new potential development partners, the sub-national context of autonomies, the increasing role of ODA-funded non-governmental organisations' programs and projects, as well as the need of addressing jointly the division of labour and technical assistance implementation among donors based on comparative advantages, the effectiveness agenda for the Government of Bolivia in the short run has many challenges that need to be addressed.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### CAMBODIA

## Executive Summary

### Background

This Phase 2 Evaluation of the Paris Declaration – Cambodia Country Study – was conducted by a team of evaluators selected after an international competitive process. The integrated international and Cambodian team worked under the direction of the National Evaluation Coordinator and Secretary General of the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia. The Evaluation Work Plan was prepared in January, 2010 and approved in February, 2010 in accordance with the Cambodia Country Evaluation Terms of Reference. This evaluation report is consistent with those terms of reference but also made every effort to integrate subsequent guidance issued by the Core Team for the Phase 2 Evaluation of the Paris Declaration.

### Evaluation Methodology

The Phase 2 Evaluation of the Paris Declaration was summative and focused on the intended and unintended development outcomes, including poverty reduction, associated with implementation of Paris Declaration commitments. The three core evaluation questions were as follows:

- Q1: “What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?” (The Paris Declaration in context)

- Q2: “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?” (Process outcomes)
- Q3: “Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

These questions set out the cause and effect logic chain from the Paris Declaration in context, to the evolving aid architecture and delivery processes, and through to the achievement of development outcomes. A Diffusion/Contribution Model was developed for this evaluation to guide data collection and analysis along that logic chain. The evaluation methodology designed to operationalise the Diffusion/Contribution Model used seven lines of evidence: 1) document/literature review; 2) sample of 10 development investments from the health and rural development sectors; 3) nine sample project group discussions involving 108 participants; 4) four Paris Declaration implementation tracer studies including 39 participants; 5) two online surveys, one specifically for the targeted sectors and one for the general development stakeholders, answered by 70 respondents out of 215 surveyed (32% response rate); 6) 2006-2008 PD Monitoring Survey for Cambodia; and, 7) attendance at the second of three CSO dialogue meetings including 35 CSOs, 22 development partners and four government representatives.

Drawing on the seven lines of evidence and the 278 people consulted, the evaluation carried out a content analysis of the

associated data sets. Each of the five team members was responsible for specific lines of evidence and for compiling data and writing sections of the report. Key points were reviewed and sources triangulated to ensure that findings and conclusions were not drawn from only one uncorroborated source but rather reflected the findings of several lines of evidence. In writing the report, the evaluation team looked at *contributions* towards development outcomes rather than trying to focus on finding evidence of attribution. The team also tried to ensure that findings, conclusions and recommendations were viewed through the lens of the local context in Cambodia.

## Evaluation Findings

### The Paris Declaration in Context (Findings 2-10)

Cambodia's participation in OECD/DAC-sponsored aid effectiveness work dates back to 1998 and continues to the present day as a member of the Working Party on Aid Effectiveness. Prior to the Paris Declaration there were development policies and a variety of reform efforts to improve aid effectiveness which have since been strengthened partly due to the influence of the Paris Declaration. Examples such as the National Strategic Development Plan, Government Development Partner Coordination Committee, Technical Working Groups, and Cambodia Development Cooperation Forum have provided the guidance and opportunities for all stakeholders to engage in a consensus building process to address development issues. While this has helped strengthen Cambodian leadership capacity and ownership of the development process at the national level, weak human resource and institutional capacities of line ministries, along with a lack of transparency in governance practices continues to hamper the pace of development. All stakeholders have deepened their engagement to the Paris Declaration principles, however development partners are often caught between working responsively with the government and responding to the priorities of their head offices. While the Paris Declaration and Accra Agenda for Action can be attributed with the increased inclusion of CSOs in the aid effectiveness process, the same cannot be said for their influence on non-ODA cash flows which are increasingly important sources of revenue that contribute significantly to Cambodia's development. In the Cambodia context, the Paris Declaration has served less as a catalyst for change but moreover as a reinforcing influence for advancing aid effectiveness reforms, albeit with uneven success.

### Process Outcomes (Findings 11-21)

The implementation of public sector reforms designed to enhance the enabling environment for development in Cambodia has proven to be challenging. The government is making serious efforts to improve accountability to parliamentarians and citizens. Inclusive and transparent development planning and aid coordination is well advanced. However, establishing monitoring systems, routine data collection and reporting on development outcomes at the national, sectoral and sub-national levels will require additional capacity building. Accountability relations with development partners have remained

asymmetric as they continue to exercise considerable control at the local level to ensure coherence with their development policies and compliance with their accountability procedures, disbursement targets, and results reporting requirements all of which tend to drive the partnerships and the selected aid delivery modalities. There is also a general reluctance to use programme-based approaches, country systems and local implementation structures due to the slow pace of public sector reforms which has contributed to a high degree of fragmentation in aid delivery. Although accepted as necessary in the medium term, the use of technical cooperation to build human, institutional and system-wide capacity at all levels has been suboptimal, subject to debate and competing interests. Further efforts by both the government and its development partners to exert more effective ownership and management of technical cooperation resources will be key to the successful and timely implementation of public sector reforms.

### Development Outcomes (Findings 1, 22-28)

The Paris Declaration has had substantial value in building of both formal and informal networks through the participation of all stakeholders in aid coordination mechanisms which are now an important and sustainable part of the aid architecture. These platforms for engagement have been used to carry out advocacy, education and collaboration on best practices in development, e.g., pro poor strategies and gender mainstreaming which has fostered greater buy-in from key line ministries, development partners and civil society organisations. At the same time, social capital has been positively influenced at all levels from the national through to the project level, but progress has been understandably incremental and uneven especially among line ministries. While results-based approaches have begun to enter the development lexicon, systems and working practices have not yet matured to the level where they are routinely incorporated into macro, sector and project-level work. The government has initiated concerted efforts to implement sector wide management and sector wide programme approaches for the benefit of both the health and rural development sectors which pre-date or were contiguous with the advent of the Paris Declaration. At the development investment level it does not appear that the Paris Declaration has had much influence on the majority of development partners. The large proportion of discrete projects, particularly free-standing technical cooperation, with small budget allocations, undoubtedly places a heavy administrative burden on government partners and funding recipients, including civil society organisations. The evaluation's assessment of the implementation of the Paris Declaration principles on a sample of 10 development (project) investments indicates that the development results are more relevant and significant when all the principles are applied in the context of a multi-donor programme-based approach. Some projects in the sample generated significant poverty reduction outcomes using pro poor programming strategies that have made sustainable improvements in the lives of the targeted communities and vulnerable populations. The evaluation, however, found no evidence that development policy-makers, project implementers

or community representatives associated the adoption of pro-poor strategies, including the achievement of gender equality results for women and girls to the Paris Declaration or the Accra Agenda for Action.

### Unintended Consequences and Lessons Learned

Several unintended consequences were identified that focussed on the perception that the Paris Declaration is a linear western approach which is not best suited to evaluating progress in Cambodia. In addition, three lessons learned which reinforce the above point indicate that: 1) learning needs to be based or rooted in past experience; 2) local facilitative leadership and ownership needs to evolve and be strengthened; and, 3) to succeed, capacity development needs to be system wide, integrated and holistic rather than piecemeal.

## General Conclusions

The general conclusions presented below were derived from the evaluation report findings. Conclusions with regard to gender equality have been mainstreamed as appropriate.

### The Paris Declaration Principles (General Conclusions 1-6)

The evaluation concludes that the Paris Declaration has been **relevant** in Cambodia where it has helped strengthen national systems and core public service reforms especially in the capital assisted by some programme based approaches and the application of joint monitoring indicators. With respect to **Ownership**, it has helped increase leadership capacity and ownership by the government and also assisted in some systemic strengthening in sectors, but overall, projects, which are the main development partner modality, have not fostered local ownership. **Alignment** has only been partially successful, although there has been an attempt by development partners to align their investments to Cambodia's development policy framework, few bilateral development partners have raised their fiduciary risk tolerance to use existing country systems. **Harmonisation** has shown progress through some programme-based approaches in the target health and rural development sectors, but the strong pressure for development partners to retain direct accountability has meant that there continues to be a high degree of aid fragmentation.

**Managing for results** has not yet been institutionalized in Cambodia and the Paris Declaration has not had much influence in this regard. Finally, the Paris Declaration has not been an important factor influencing **mutual accountability** at the investment level, although there has been increased consultation and progress towards targets at the national level.

### Paris Declaration Effectiveness and the Aid Dialogue (General Conclusions 7-10)

With respect to **conflicts and trade-offs** among PD principles, the evaluation concludes that achieving country ownership is dependent on two main factors, the country's institutional and human capacity and the willingness of development

partners to strengthen capacity where it's needed, i.e. to foster country ownership. With respect to the **contribution to aid effectiveness, results and sustainability**, the Paris Declaration has unquestionably had a positive influence particularly in terms of the development policy framework, aid coordination mechanisms, and sector wide management approaches which are significant and sustainable outcomes. With respect to the **burden of aid management**, the evaluation concludes that while the Paris Declaration has had a positive effect on the predictability of multi-year financing it has not influenced the still predominant use of the project delivery modality with its associated costs; Cambodian personnel and development partners all report increased time and effort. Finally, the evaluation concludes that there is **value added from the Paris Declaration** which has created the rationale and framework for enhanced dialogue on aid effectiveness that has added value to development strategies, aid coordination and reforms to support better aligned and harmonised aid delivery.

### Key Messages for Stakeholders (General Conclusions 11 and 12)

The key messages for national stakeholders starts with the **government** needing to continue to assert leadership in implementing PD principles and developing country systems and capacity at the national, sub-national and commune levels as well as involving **civil society organisations** and the private sector. The key message for civil society organisations is to increase their involvement and participation in national networks while at the same time involving their grassroots as much as possible. The message for other national stakeholders such as the **private sector** is simply to get involved. With respect to **development partners**, the key message is to place more emphasis on working together using sector wide management approaches, multi-donor programme-based approaches with pooled funding mechanisms and shared accountability for achievement of development results. The key message to **emerging donors and global funds** is that they need to become more integrated into the aid architecture and take part in the aid coordination mechanisms, joint efforts to monitor and assess the implementation of the Paris Declaration and the achievement of development results, so that their efforts can be aligned with those of national stakeholders and harmonised with other development partners.

### The Future (General Conclusion 13)

In the new reality, there is increased opportunity for Cambodia to engage with non-traditional and "emerging donors" through funding which includes the private sector and global fund support. The key for future success appears to be a wide range of stakeholders working together using integrated approaches that are consistent with Paris Declaration principles, and address the new challenges and opportunities.

## Recommendations

The following recommendations relate to the common and country-specific questions. They are addressed to: the Paris

Declaration Secretariat, to all development partners, and to each of the three key stakeholder groups. They have a twofold purpose:

- First, to underline what should continue to be done and what should be built upon; and
- Second, to describe what each stakeholder group needs to clarify, improve and strengthen so that the Paris Declaration principles can continue to provide an ongoing framework to achieve improved aid effectiveness up to, and beyond, the end of 2010.

**Recommendation #1 to the Paris Declaration Secretariat:**

That the principle of ownership be strengthened as the enabling condition and driver for the implementation of the remaining principles and commitments, given its dependency on existing capacity to exercise it and the willingness of donors to support capacity development efforts.

**Recommendation #2 to the Paris Declaration Secretariat:**

That gender equality principles and mainstreaming be fully integrated into future iterations of the Paris Declaration since it is widely recognised to have beneficial effects on aid effectiveness and the achievement of development results.

**Recommendation #3 to all Partners:** That all the partners in Cambodia sustain their efforts to improve aid effectiveness

by strengthening partnerships at all levels and increasingly focusing on the investment level by optimising the value of aid coordination mechanisms, i.e., Technical Working Groups as a forum for ensuring adherence with the PD principles and commitments.

**Recommendation #4 to the Royal Government of Cambodia:**

That the National Capacity Development Strategy advocate the increased use of multi-donor pooled funding for free-standing technical cooperation at the national and sub-national or sector levels to strengthen the public management systems of the central government, line ministries and their institutions.

**Recommendation #5 to Development Partners:** That development partners support the Royal Government of Cambodia with free-standing technical cooperation basket funding at the national and sub-national or sector level to support capacity development of country systems.

**Recommendation #6 to Civil Society Organisations:** That civil society organisations continue to develop their capacity as implementing organisations, take greater advantage of the opportunities to participate in aid coordination mechanisms, monitor their commitments, and improve the availability of information on CSO development activities and results.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### CAMEROON

## Executive Summary

### Background, objective and limitations of the evaluation

The Paris Declaration was adopted in 2005, at a time when Cameroon was dealing with an economic crisis that began 20 years earlier and caused it to once again rank among the least developed countries (LDC), a ranking that makes it eligible for the Heavily Indebted Poor Countries (HIPC) Initiative.

The realisation of this initiative in 2006 gave rise to cancellations, reschedulings and conversions of Cameroon's foreign debt and the establishment of a new Economic and Financial Programme supported by the donor community. Commitments made before and after 2005 by the latter for poverty reduction were not necessarily aiming for the implementation of the Paris Declaration with its own internal logic.

Cameroon did not take part in Phase 1 of the Evaluation of the Implementation of the Paris Declaration conducted in 2006, but was represented at all international meetings on this subject.

Phase 2 of the Evaluation constitutes a study taking stock of the progress made individually or jointly by the various players since Paris and Accra in the implementation of the Aid Agenda. It is being conducted to examine and explain the contribution of the Paris Declaration and the Accra Agenda for Action to aid effectiveness and to the results obtained in terms of development. The results of this evaluation will be used to fuel discussions at the next High-Level Forum on Aid Effectiveness in 2011 in Busan, Korea.

This evaluation is highly appropriate. It primarily aims to shed light on the degree of institutional ownership of the pillars of the Paris Declaration and justify the hope that Cameroon places in its potential to make cooperative relations for its development more consistent and predictable.

Our findings indicate that the application of the Principles of the Paris Declaration is truly underway in Cameroon, albeit slow in terms of the progress objectives set for 2010. We should specify that the 2005-2010 period, i.e., five years, is insufficient to successfully make all of the strategic, systemic and institutional adjustments needed to obtain the fundamental changes sought in the Paris Declaration.

Accordingly, in terms of Ownership, it is difficult to categorically state that it was because of the Paris Declaration that frameworks for dialogue between the government, technical and financial partners and civil society, or public-private partnerships, were included in the formulation of policies and follow-ups on their implementation, as such elements sometimes date back to before 2005. But the Paris Declaration and the Accra Agenda for Action undeniably contribute specifically to reducing tensions in collaborative relations and reducing mistrust and biases between civil society and the government, enabling them to work with technical and financial partners to achieve the development results for which they are all jointly accountable.

However, applying the principle of Alignment depends on the quality of governance. Indeed, it often takes a long time to complete reforms undertaken by the Government of Cam-



eroon, creating uncertainty and making the management systems and procedures with which the technical and financial partners should comply unclear. In addition, corruption in the management of state funds and in the government contracting system – a phenomenon widely recognised by all players – is an argument presented by technical and financial partners to explain their lack of eagerness to align their processes with these systems.

In terms of Harmonisation, some advances in the coordination of activities by the donor community have been noted, but this practice remains largely undeveloped. The issues of transparency, predictability of aid and the use of programme approaches are real issues on which the government will need to assert its vision and leadership.

For the moment, Results-based Management is a concept reserved for just a handful of insiders in central administrations. Its actual application and generalisation will certainly take some time, unless senior officials in Cameroon develop a true will to intensify training at all institutional levels. It should also become a performance criterion in future negotiations for partnership agreements. The Programme for the Modernisation of Cameroon's Administration through Results-based Management, or "PROMAGAR," is a recent initiative aiming to meet the need to reinforce the administration's effectiveness by instilling a results culture. Formalised in June 2007 through an Order of the Prime Minister, the Head of Government, the main long-term anticipated result is the existence within target administrations of an operational planning, budgeting, follow-up and evaluation mechanism based on results, aligned with the Growth and Employment Strategy Paper and the new State Financial Regime.

Accountability, which is required from all players and accordingly not limited to relations between the technical and financial partners and the Government of Cameroon, can only be mutual if solidarity is clearly expressed in the development of strategies and if there is an explicit agreement for the implementation and follow-up of the actions agreed upon.

The main limitation of this evaluation is the low coverage of the sample targets to be interviewed. Indeed, for reasons associated with the agendas of certain people, the opinions of parliamentarians and economic operators could not be obtained. However, those collected from civil society lacked diversity as the survey only managed to reach a few NGOs and Associations, although it also sought to interview union activists and people associated with the Church.

Based on the framework of objectives and limitations thus identified in the Paris Declaration evaluation process, our main conclusions are as follows.

## Main conclusions

The conclusion to be drawn is that the Paris Declaration has still not effectively been implemented in Cameroon. However,

some progress has been made as regards the principles of Ownership, Alignment and Harmonisation. Results-based Management is still in the draft phase within the government, while for now, Mutual Accountability is the concern of civil society. The latter impatiently wants to hold the government and the technical and financial partners to account, entities it holds responsible for the failure of development policies and, more specifically, the delayed implementation of the Paris Declaration – which it sees as a great tool to improve governance.

Accordingly, it can be said that the Paris Declaration process is not only incomplete, but still in its initial stages. In terms of the extent of the anticipated changes, we still have to allow some time for all the players involved to adapt their behaviours. In concrete terms, the aid relation still has not changed, and local and democratic ownership has still not occurred. In other words, aid has not become more abundant and the low absorption capacity has still not balanced out.

However, it is clear that the Paris Declaration has now become a frame of reference for cooperation processes with bilateral partners, and even more so with multilateral partners.

It is important to examine the lessons to be highlighted and the recommendations to be made.

## Lessons

The authors of the Paris Declaration and those who adhered to it were very optimistic in their prognosis that the desired results would appear in the short term. They accordingly chose 2010 as a goal for the achievement of most target objectives, almost certainly to be in line with the Millennium Development Goals agenda, in which targets have been set for 2015. It is now 2010 and Cameroon does not seem to have achieved the first commitment associated with Ownership.

The Paris Declaration is more of a political process than a technical one, and this evaluation revealed that there is still work to be done to achieve either one. However, it is quite clear that political will is the key factor influencing the achievement of the desired changes, but the public administration also has a significant share of the responsibility as the holder of the techniques and skills needed to plan, programme, negotiate and manage consolidated public resources.

Analysing the aid effectiveness issue is accordingly a very complex exercise, because it mobilises players who neither have the same vision, understanding, objectives or even the same intervention tools, on either a strategic, economic or social level.

The disparity of the information collected from various sources and the points of view obtained in the interviews conducted demonstrate just how sensitive the issue is and how difficult it is to disseminate the opinions of all involved.

The analysis showed that the evaluation of aid to Cameroon seems to concern the technical and financial partners more than the recipients, which explains the absence of specific information and statistical series at the national and decentralised levels, which could have made it easier to analyse the results and formulate an objective assessment.

Consequently, the institutional integration of the Paris Declaration remains limited and the systemic and managerial capacities of aid still need to be developed, making an in-depth reform of the strategic, organisational and instrumental process of aid to Cameroon desirable.

### Recommendations

It is important that Cameroon define its development co-operation policy and take charge of funding strategies and mechanisms by adapting them to its economic and social effectiveness. To this end, it should:

- Base its leadership on Development Aid policies and management by defining a framework for development partnerships along with all the instruments needed to plan, follow up and evaluate the resources mobilised
- Strengthen institutional ownership of the Paris Declaration through a player communication, information and documentation programme
- Reinforce good governance measures and the institutional capacity to manage aid
- Make sure the gender issue is taken into account in the interventions of the technical and financial partners
- Implement a gender integration project in the Paris Declaration, including follow-up indicators with the support of the technical and financial partners
- Clarify the conditions for access to alternative sources of funding (South-South Cooperation) and the anticipated benefits.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### COLOMBIA

## Executive Summary

### Purpose of the evaluation

An interdisciplinary team carried out the evaluation of the Paris Declaration in Colombia, employing a national approach and territorial perspective to its methodological work. The International Strategic Thinking Center, in its capacity as General Coordinator, put together the National Evaluation Team. The National Evaluation Team, in turn, worked with four renowned academic institutions (Universidad de Antioquia, Universidad Jorge Tadeo Lozano, Universidad Tecnológica de Bolívar and Universidad ICESI) and with the support of the Colombian Association of Universities, to conduct more than 90 interviews with various key international cooperation stakeholders, including government officials, international community officials, and members of civil society organisations (CSOs), in six geographic areas of the country.

The National Evaluation Team checked and analyzed the data that was gathered using an Operative Matrix provided by the International Evaluation Team according to three central evaluation questions<sup>1</sup>. Also, the information contained in this report was carefully reviewed and commented on by national and international experts and officials from public institutions, organised civil society, academia, and international organisations. Each of these external reviewers not only facilitated

<sup>1</sup> The three central questions outlined in the Operative Matrix are: 1. What major factors affected the relevance and application of the Paris Declaration and its potential effects on aid effectiveness and development results?; 2. Did application of the Paris Declaration improve the effectiveness of the provision, management, and use of aid and create stronger links between the country and donors? How?; 3. Did application of the Paris Declaration increase the contribution of aid to sustainable development results? How?

access to information, but also contributed to the independence, integrity and quality of the evaluation.

We thank all those who gave us their time, opinions, comments and information through the interviews conducted during this evaluation.

### Main findings and conclusions

#### Background

Over the past decade, Colombia has been experiencing positive economic growth, positioning it among middle to high income countries. Despite the fact that the percentage of income from international cooperation (IC) has traditionally been low (0.42% of GDP in 2008), Colombia receives the most official development aid of any Latin American or Caribbean country.

International cooperation in Colombia has played a major role in complementing national efforts. Focusing aid in areas such as the environment, institutional strengthening, and productive system support, as well as on problems related to the struggle against inequality, internal displacement, and human rights violations, was a determining factor in achieving better development results. Those factors led to a considerable influx of cooperation agencies and international civil society organisations working in various areas of development in the country. For example, Colombia has the greatest number of United Nations agencies in Latin America.

Because of this, IC in Colombia is seen as a basic mechanism between international relations and the national agenda.

That being so, the National Government has begun to work on IC management and coordination by developing International Cooperation Strategies as well as opportunities and mechanisms for political dialogs among stakeholders. In this way, Colombia is unique within Latin America and the Caribbean. Colombia has worked to articulate the interests of international stakeholders, civil society, and state institutions to make to improve aid coordination and effectiveness.

The effectiveness principles proposed by the Paris Declaration have contributed to strengthening government leadership in coordinating cooperation efforts. Likewise, the Paris Agenda has enabled the government and CSOs to expect greater commitment from the donor community in areas related to aid coordination. The National Government's active engagement in discussions on the new structure for international cooperation represents a notable improvement, especially in terms of increasing representation of intermediately developed countries in development-related talks.

The Effectiveness Agenda has been important in international cooperation decisions for the parties concerned. It allowed the government to promote and legitimize the coordination processes already in place in the country, as well as to address various concerns regarding the effectiveness of international development cooperation.

For its part, civil society held a series of consultations within the country and considers that the Paris Declaration is an appropriate framework for managing aid. However, they point out that this framework focuses mainly on resources, which limits debate and action in areas they want to be involved in. For that reason, they strongly suggest that the Effectiveness Agenda not focus exclusively on aid management, but also on development effectiveness. For donors, the Paris and Accra approaches have been transformed into governance frameworks that allow them to synchronize efforts that improve aid coordination. Although progress towards harmonisation has been slow, the donor community is better organised and prepared to improve their cooperation instruments to provide higher quality aid.

Effectiveness principles have been applied at different speeds. At the national level, Paris Declaration implementation has concentrated on the principles of democratic appropriation, alignment and harmonisation and, to a lesser degree, on the crosscutting principles of results-oriented management and mutual accountability. At the sub-national level, attention is focused on the principle of results-oriented management, followed by mutual accountability and alignment.

Specialized officials are responsible for having a detailed understanding of the principles and indicators of the Paris Declaration. At the sub-national level, stakeholders are more familiar with the Paris Declaration concepts as a function of their practical application, rather than by their official names.

The coordination forums created in local environments do not necessarily relate to the Paris and Accra commitments.

### **Intermediate processes and effects**

Today, IC coordination is not an isolated initiative put forward by government institutions. Rather, it is a commitment, of international scope, that empowers all development stakeholders to demand greater accountability of aid effectiveness.

The Paris and Accra Effectiveness Agenda not only renewed the debate on how to improve and better coordinate aid, but it also called attention to the responsibilities of the Colombian State and Government, donors, and CSOs in developing and implementing an aid effectiveness agenda. In fact, many stakeholders commented that the requirements established within the Paris Declaration were relatively weak compared to the level of debate and practice already taking place in the country.

National institutions have also shown strong leadership in developing and executing stronger national strategies and operating frameworks for coordinating IC. Regulatory and institutional improvements reflect a greater ability to respond to the growing supply of resources and requests for international aid. In contrast, there is a clear need for a greater commitment to applying the Democratic Appropriation principle proposed in the Accra Action Agenda.

As for the donor/Colombian Government Alignment Principle, there is a discrepancy between what is proposed by the Paris and Accra Effectiveness Agenda and the reality of its implementation in Colombia. The differences are evident in the fact that the national systems do not afford local governments and organisations with real appropriation capabilities since it excludes them from IC resources and capacity building. In this regard, it is evident that local efforts to improve coordination are not always made through the Paris Effectiveness Agenda since the Declaration is rarely employed or referenced for improving development cooperation coordination in Colombia.

With regard to measurement systems, national development policy evaluations still do not include international cooperation programs or projects. This has made it hard to identify specific cooperation contributions in national policies. There are also significant discrepancies in information on the total amount of aid received in Colombia. The information provided by donors to organisations responsible for international cooperation in the country differs from that contained in the OECD's Development Aid Committee's (DAC) system.

Policies and processes are being harmonised along thematic lines, using diverse mechanisms, such as Basket Funds. However, administrative procedures still need to be further simplified. To date, the country has no process aimed at maximizing comparative advantages, both by the government and the IC community, and much less a division of labor among donors.

## Effects in terms of development

### *Environmental Sector*

By integrating the Grey and Green Agenda existing in the environment sector in the early 2000s, international cooperation helped ensure that the environmental issues continued to have financial and strategic weight within national policies.

The IC has made it possible to relate environmental, poverty and developmental issues. International aid programs have helped promote better governance within the environmental sector, with greater participation and an eye to sustainable development.

The IC also helped bring stakeholders from the environmental sector together and establish alliances in areas of common interest. For example, the IC played a critical role in pushing forward the national proposal for conservation and sustainable development in the Amazon, focused on encouraging reflection and promoting capacity-based learning.

### *Forced Displacement and Humanitarian Aid Sector*

The forced displacement and humanitarian aid sector is one of the areas receiving the most attention from international cooperation in Colombia. The significant influx of diverse cooperation resources in this sector makes it hard to assess the specific contributions of the IC to improving the conditions of displaced populations.

An analysis of this sector revealed that the principles of the Paris Declaration do not apply to all IC modalities. The effectiveness of aid of this kind depends on a rights based approach that, to some extent, goes beyond the postulates of the Declaration.

Donors have aligned themselves with non-governmental stakeholders, such as civil society organisations, implementing the Alignment Principle differently than proposed by the Paris Declaration because of the way they view the violence in the country.

At the moment, the inability to see the full extent of the problem in this sector makes it difficult to take action, particularly when the underlying causes of displacement still exist. It is also hard to assess specific international cooperation contributions to achieving higher development goals.

## Recommendations

### **Political dimension**

It is critical to recognize the central role that all development stakeholders must play in an IC Effectiveness Agenda. A fundamental part of this process is determining the roles of the various players based on a better understanding what their interests are and what they represent. The evaluation stresses the need for the government to continue working on developing policies with the private sector.

It is also important to have on-going dialog among the government, the international community, and civil society, with the possibility of articulating their roles and responsibilities, even along territorial lines. In this regard, we must establish short and medium-term agreements, while sustaining and even intensifying political commitments to improving aid effectiveness.

As for the Cooperation Agenda, we recommend prioritizing the development of a “positive” cooperation agenda focused on articulating and integrating development opportunities. This could be achieved by linking complementary programs that impact productive processes, technological innovation, research, and institutional and cultural consolidation, and the corporate social responsibility sectors, among others.

Given the great disparities in development among the diverse regions in Colombia, we conclude that focusing cooperation in impoverished areas or critical fields of action could produce more multiplicative effects than if centered and managed within the national budget.

### **Technical dimension**

Effectiveness Agenda principles must be adapted to local realities and the country’s particular development landscape. In particular, it is advisable that a specialized forum on aid effectiveness at the management level be set up dealing exclusively with the significances, processes and strategies of the players with an eye to improving IC implementation in the country.

Based on the evaluation results, it’s clear that greater efforts to educate stakeholders about the Effectiveness Agenda must be made, providing appropriate training and developing capabilities specific to the established responsibilities. Furthermore, we recommend establishing tripartite evaluation committees to monitor progress on each of the principles set out in the Paris and Accra Agenda. We also recommend distributing technical responsibilities for the Effectiveness Agenda among the different regions in Colombia.

We recommend that evaluations be integrated into the projects and programs carried out in the territories, and that these systems feed a central monitoring and evaluation system. To achieve this, participation by CSOs and particularly Academia is essential to compile information and store it in a specialized system.

Concrete Aid Effectiveness strategies and goals must be defined by the donor community in their country strategies. The donors must define their action strategies in the country, developing mechanisms and plans to monitor the progress, short-term goals, and the expected results of Effectiveness Agenda principles.

As Colombia begins to position itself as an aid donor, particularly within South-South cooperation activities, we strongly

recommend strengthening current initiatives with greater political support from the Republic's Congress.

### **Institutional dimension**

We suggest setting up learning sessions on the Effectiveness Agenda within the framework of the National System for International Cooperation. The lessons learned must be institutionalized through monographic instruments or institutional reports (donors, counterparts and the government) providing updates existing commitments. Those reports must define requirement frameworks in which specific commitments and responsibilities are defined.

As concerns the National Government's Effectiveness Agenda strategic planning, it is critical that Implementation Plan activi-

ties are focused specifically on the Accra principles and that there is effective monitoring of the Plan.

Cooperation stakeholders must give priority to impact evaluations in order to improve aid-related information mechanisms. Likewise, we recommend fostering a cooperation evaluation culture for sharing results and lessons learned.

A platform for improving working relations, particularly as concerns the division of tasks that has occurred in recent years, should be developed local, departmental, national and international entities.



# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### COOK ISLANDS

## Executive Summary

The Paris High Level Forum in 2005 was attended by officials from 91 countries. On March 2, 2005, they endorsed the *Paris Declaration on Aid Effectiveness* (the 'Paris Declaration'). The Cook Islands is a partner to the Paris Declaration (PD). The PD included a requirement for independent evaluation and this was confirmed in the *Accra Agenda for Action* in 2008. In accordance with the principles of the declaration, partner countries and donors made commitments around the five key principles of effective aid delivery practices: *ownership, alignment, donor harmonisation, managing for results, and mutual accountability for development results*.

The first phase of the evaluation focused on inputs and early outputs. This second phase of the evaluation focuses on outcomes and results. This report details the findings of the evaluation as they relate to the Cook Islands, a small island developing state in the South Pacific, and one of only two countries in this region.

The Cook Islands has had a long commitment to similar principles to the Paris Declaration. The Government of the Cook Islands (CIGovt) recognises that effective and efficient utilisation of Official Development Assistance (ODA) is critical to achieving the priorities of the National Sustainable Development Plan (NSDP). To this end, the CIGovt has developed, over a number of years, a transparent operational structure within government (in the Aid Management Division of MFEM), to determine aid priorities and manage and monitor the implementation of aid.

In 2007, Pacific leaders developed the *Pacific Principles of Aid Effectiveness* in Palau which translated the Paris Declaration

into a Pacific context. In 2009, Pacific leaders signed the *Cairns Compact on strengthening development and coordination in the Pacific*. The Cook Islands were a signatory to both these initiatives. This adds to the Pacific regional context of the Declaration and indicates the model of regional cooperation that exists between Pacific member countries.

From the *Accra Agenda for Action*<sup>1</sup> in 2008 there were three main questions designed to support the Paris Declaration Principles:

1. "What are the important factors that have affected the relevance and implementation of the PD and its potential effects on aid effectiveness and development results?"
2. "To what extent and how has the implementation of the PD led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?"
3. "Has the implementation of the PD strengthened the contribution of aid to sustainable development results?"

## Conclusions

### The Paris Declaration in Context

In relation to the Cook Islands the status and relevance of the aid effectiveness of the Paris Declaration is strong. The Paris Declaration confirmed the approach that the Cook Islands Government was developing and, along with the *Pacific Principles of Aid Effectiveness* and the *Cairns Compact*, has provided

<sup>1</sup> [www.oecd.org/dataoecd/11/41/34428351.pdf](http://www.oecd.org/dataoecd/11/41/34428351.pdf)

an international and regional context for Aid effectiveness reform over the past four years. Key factors relevant to the implementation of the Paris Declaration have been the on-going focus of the Cook Islands Government in the establishment of the Aid Management Division, a National Sustainable Development Plan, and some legislative reforms with particular emphasis on financial accountability.

Since the 1990's the Cook Islands has made strong progress in strengthening economic sustainability. External assistance from international development partners has played an important role in the progress of the economy and development. As a Small Island Developing State the Cook Islands are committed to ensuring that all aid contributed by a sizable pool of development partners is efficiently and effectively delivered.

The Cook Islands Government as a key actor, shows its ownership and leadership of ODA policy development, planning and monitoring processes, which have been continuously strengthened prior to the Paris Declaration and after it. The Paris Declaration is a positive influence which has provided an international framework; the Pacific Aid Effectiveness Principles provides a Pacific regional context and the Cairns Compact a more focused Pacific regional approach to improved monitoring and outcomes.

The Cook Islands Government continues to make significant progress in strengthening its ownership of the aid management process and in leading the determination of priorities to ensure alignment with development activities. In order to achieve total country ownership, more involvement of civil society and the private sector would be beneficial in ensuring a consistent and aligned approach to aid management. Decision making at a level closer to the country is seen by stakeholders as being desirable.

While there have been changes in depth of engagement of government partners for the Paris Declaration, *Pacific Principles of Aid Effectiveness and Cairns Compact*, these tools have provided an international and regional framework to support the existing Cook Islands approach. The whole of government approach ensures that the effectiveness debate is well understood. There have also been changes in depth of engagement with **development partners** in particular with the significant introduction of the harmonisation programme with New Zealand and Australia providing leadership for other development partners. There have been fewer and slower changes in the depth of engagement with civil society, however evaluation respondents recognise that this is the next step in deepening engagement.

Important events affecting the implementation of the Paris Declaration include changing political priorities, by both development partners and the Cook Islands. Governance reforms: strengthening the accountability mechanisms and capacity of government to manage aid and changing economic conditions, such as the global recession, making ODA more critical and, changing relationships with donors.

Paris Declaration principles are well entrenched in the Cook Islands national strategy and policy frameworks and were already being developed prior to 2005. In depth understanding of the Paris Declaration is limited to those who work actively in the aid development sector such as the Aid Management Division and implementers. Development partners show increased strategic, but limited operational engagement, with the Paris Declaration since 2005. At a broad community level civil society and NGO's support the principles, but may not recognise them as being connected to the Declaration. In the Outer Islands people are not aware of the Declaration. Overall, the context and ownership for the Paris Declaration principles are strong in the Cook Islands with opportunities to build stronger ownership at a community level.

### Process and Intermediate Outcomes

Since 2005, the progress made towards improving the efficiency of aid has been small, but is increasing. There has been good progress in improving the management and use of aid through the National Sustainable Development Plan framework<sup>2</sup> process for government and key donors. While it provides a good starting point for donor partners at a country level, it has not been costed out at a high strategic level, which limits the government's ability to determine and predict expenditure. Government leadership alone, as an element of country ownership, is not enough to improve aid delivery efficiency.

Relationships between development partners and the Cook Islands show some increase in collaboration, with more work needed to better support the systems development needs of the Cook Islands. Some development partners remain reluctant to use country systems and processes. Some development partners are moving strongly towards using Cook Islands processes and systems. It is also clear that there can be more done to improve harmonisation arrangements.

There is little evidence that the *Accra Agenda for Action (AAA)* has triggered acceleration towards transparency and accountability. It is more likely the focus by government will be on its Aid Policy and coupled with the launch of the next NSDP, there are indications that may see increased gains in relation to the AAA which was designed to enhance and support the PD Principles.

The Cook Islands Government has difficulty in meeting international measures and standards of performance accountability, largely due to the lack of financial resource allocated to the Aid Management function.

Overall implementing the Paris Declaration principles has contributed to strengthening improvements in the efficiency of aid, but there is still further progress to be made. Alignment between government and donor partners is also improving given the initial NSDP. Some resources are needed to support stronger alignment of development initiatives between government and development partners.

<sup>2</sup> [www.stats.gov.ck](http://www.stats.gov.ck)

## Development Outcomes

The implementation of the Paris Declaration has assisted in strengthening the contribution of aid to sustainable development results. In the two tracer studies in the Health and Infrastructure sectors, development initiatives show an increasing degree of commitment to the Paris Declaration principles, with some progress and attention in managing results. The reviewed projects reflect evidence of ownership, in terms of participation in decision making and use of government systems, by the private sector, civil society and government stakeholders.

This evaluation also indicates that there has been some sustainable increase in institutional capacity and social capital at national, sector and, to some extent, community levels. The PD contribution is small, but positive. Efforts to establish sector-based management approaches have been undertaken in the Health, Infrastructure, Marine resources and Education sectors, with positive collaboration from development partners. Progress towards more programme-based approaches, involving multiple development partners, has been slow. While fewer, longer, more comprehensive programming is a key to the PD style of aid, in a Small Island State like the Cook Islands, where human resources are an issue, it is ineffective to manage lower order modalities, especially if they are unrelated and labour intensive. Focus and specialisation is necessary so that staff engaged in aid effectiveness can build greater understanding and skills as prerequisites for managing effective development assistance. In terms of development outcomes for the most vulnerable in the Cook Islands, these are generally catered for; and while the PD principles are not conclusively attributable, it does provide the potential to support further advocacy and awareness for those most vulnerable.

The Paris Declaration contribution to Millennium Development Goals (MDGs) is limited; however, the PD provides an opportunity for government agencies, development partners, and Civil Society to fulfil monitoring and reporting requirements of the MDGs.

## Key Lessons

### Contextualising the Paris Declaration

The Cook Islands context and application of modalities, processes and systems, need to be understood to ensure the most effective implementation of aid. The government is best placed to understand if development partners' priorities are able to be matched to local Cook Islands priorities. Similarly the Aid Management Division is best placed to advise donors on what modality, which implementing agency, and time-frames, are most appropriate for any activity. The lesson learnt is that the CIGovt has the most experience in the country with what works and donors need to listen and then act accordingly. A successful approach is one where the CIGovt and development partners are able to identify common priority areas and work together to have an impact in these areas. The regional awareness and commitment from Pacific leaders

should provide confidence in the commitment that the region and the Cook Islands have towards improving Aid Effectiveness.

### Ownership and leadership needs to be at all levels

Ownership and Leadership is clearly demonstrated at a CIGovt level. In order to strengthen widespread commitment and ownership, the fostering of the civil society sector and community would strengthen all of country commitment to the development agenda. A more explicit approach, that includes all stakeholders in the debate regarding aid effectiveness and prioritisation decisions, would strengthen the country approach, as would an explicit strategy to increase the engagement of the outer islands.

### Capacity and capability development

In the Cook Islands the aid allocation has significantly increased over the past 10 years. The recognition by both the government and donors regarding the need to improve capacity and capability, both in systems and technology and in human resources, has been limited. Aid effectiveness is totally reliant on the individuals involved in processes from donors, recipients and implementing agencies. This is why the development of capacity is so critical. Organisational capacity and development needs to be addressed until it reaches a sustainable level. Currently, the capacity and capability to manage the aid portfolio is reliant on a few individuals with heavy workloads and increasing responsibilities. A systematic assessment of future capacity and capability would provide the guidance for a strengthening of this function.

The development of capacity is required at all levels of the system and across all agencies managing aid. It is important for all actors involved to understand clearly the principles and impact of aid and the various modalities; and for this knowledge and skill acquisition not to be solely focused on the Aid Management Division.

### System Strengthening

In the same way that sector strengthening is an acknowledged priority; the strengthening of the aid management function should also be prioritised. The ability to improve the confidence of donors will require significant investment in aid management infrastructure, including financial, information and evaluation systems and processes.

## Recommendations

### Aid effectiveness functions

The Cook Islands remains committed to ensuring that all aid delivered is effective and efficient. Since the Public Sector reforms in the 1990's the Cook Islands Government have made significant progress in strengthening the economic sustainability of the country. As part of this work, the recognition that external assistance has and continues to play an important role in this progress, has been a major factor in the establishment and strengthening of the Aid Management function.

As aid flows have increased and sectors have mobilized, the operational mechanism and systems have not kept pace with the associated demands of effective aid management. Attention is needed to improve the human and institutional capacities for implementing aid information management systems; monitoring, evaluation and reporting; and financial management and procurement systems.

### Recommendations:

**The Cook Islands government continues exercising its leadership in the aid effectiveness agenda, adopt its revised draft Aid Policy, and resource and implement its objectives.**

**Development partners continue to improve aid relationships with increased harmonised efforts in the process of delivering aid, using local systems, managing and accounting for aid, reducing fragmentation and using high level aid modalities.**

### Civil Society

In depth understanding of Paris Declaration principles is limited to those who work actively in the aid development sector such as Aid Management Division and implementers. Civil Society has a role to play to support the sustainability of the aid effort in the Cook Islands. Improved communication strategies should be resourced. This will allow better accountability and understanding of aid performance to Civil Society partners such as the private sector, outer islands, NGOs and marginalised groups.

### Recommendations:

**The Cook Islands government and development partners engage with Civil Society through improved communication strategies on aid flow and performance.**

**Government and development partners give more consideration to long-term budget planning. Clear goals are established and forward budget commitments are identified to measure development progress.**

**More investment into an aid management information system; strengthening of financial management systems; clarity from donors with regard to multi-year commitments; alignment of funding to NSDP with clearer accountability systems of reporting; improved aid disbursements; and a monitoring and evaluation framework, will improve and strengthen Aid Effectiveness over the medium to long term.**

### Development partners

An issue identified from interviews in this evaluation, is the role development partners play in devolving more decision-making to local in-country offices of the development partners, rather than solely from offshore offices. Development partners should assist and build better local In-country capacity, support the strengths of the in-country aid management systems to provide more confidence between the Cook Islands and development partners.

### Recommendations:

**Development partners are encouraged to devolve more decision-making to in-country offices and invest in building capacity and capability of local aid management systems.**

**Development partners and donors are encouraged to use modalities that reduce transaction costs.**

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### GHANA

## Executive Summary

Ghana has since the Accra High Level Forum been identified as one of the Anglophone countries to participate in the Phase 2 of the Global Evaluation of the PD. This phase of the evaluation which started in early 2010 is expected to feed into the 4<sup>th</sup> High Level Forum scheduled for 2011. As set out in the ToR, the overall purpose of this evaluation is to provide information about the development results achieved thus far as a result of increased aid effectiveness practices. Specifically, the evaluation will assess the PD on aid effectiveness, development effectiveness and poverty reduction. Three key questions were addressed in this evaluation including:

- “What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?” (The PD in context)
- “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?” (Process outcomes)
- “Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

The evaluation methodology involved a mix of both qualitative and quantitative research techniques. Information and opinions were sought in one of three ways: face to face interviews with officials drawn from institutions spanning central government, sector ministries, quasi-government institutions,

development partners (DPs), civil society and the private sector. Sampling of respondents was done purposive and priority given to three sectors for case studies: *education; health and agriculture*. A total of 29 questionnaires were received comprising donors (12), government (5), and civil society organisations (9) and others (3). A comprehensive list of key informants and institutions interviewed are provided at the appendix. In addition, three projects in three sectors, namely, agriculture, education and health were evaluated in terms of their development outcomes. The projects spanned the Northern region, Eastern, Ashanti and Central regions of Ghana. Focus group discussions were held (two separate groups per sector) with 6-8 beneficiaries per project in addition to face-to-face interviews with project managers on development outcomes.

The Phase 2 evaluation of the implementation of the Paris Declaration noted that moderate progress has been made in terms of **Ownership** over the past five years. There has been modest improvement in consultations and coordination; for instance, there have been discussions on the implementation of national development policies and priorities at Ministerial and Cabinet level and DPs have provided oversight responsibility in its implementation. Civil society organisations have also been engaged in CG meetings and other aid effectiveness discussions although stakeholders were of the opinion that these engagements have been *ad hoc* and yet not institutionalized.

The review also reported that there has been a significant improvement in the **alignment of projects** with Ghana’s development strategies although off-budget and off-plan

activities still remain, thus, indicating lack of alignment with Government of Ghana (GoG) priorities and systems. It must be noted that although a new aid landscape is emerging, aid effectiveness challenges still remain. Challenges with country systems and non-use or partial use by donors due to mistrust has undermined country systems.

**Aid harmonisation** is one of the areas which have seen greater improvement particularly the decoupling of aid for projects from the consolidated fund. Nevertheless, harmonisation within certain areas has been reported to be slow. Little progress is reported on the way GoG steers the strength of donors and there is general lack of transparency in the way 'non-traditional' or 'emerging' donors like the BRICKs operate. Uneven progress is reported of joint analytical work and shared missions, thereby limiting progress on reducing transactions cost of aid.

The PD principle on **managing for results** has seen modest improvement in the last two years especially in the way aid conditions or 'conditionalities' have been developed transparently and in consultation with government and other donors. However, the cost of managing aid continues to be high for partner and donor countries and this is not likely to decline soon in view of the increase in aid. Some areas of improvement however include the new guideline on managing for results developed by the National Development Planning Commission (NDPC) for MDAs to formulate M&E plans and also some donors have been providing multi-year indicative funding and quarterly information on disbursement.

**Mutual accountability** in terms of resource flow and achievement of results has recorded little improvement over the past two years and goes to confirm Ghana's recent position on the Corruption Perception Index. Evidence of improvements can be seen in terms of mutual trust and respect, open dialogue and flexibility between DPs and government. A high degree of openness was demonstrated by both parties at the 2010 CG meeting and the renewed commitment by DPs towards the development of the Development Partner Assessment Framework. Recent debates on the floor of parliament especially on the STX Housing Agreement are a typical example of improved accountability. However, accountability it is noted has been more skewed towards GoG and less towards donors. There is incomplete information on donor contributions to CSOs and some donors are unwilling to provide such information when requested.

**Development Results** has been the focus of aid effectiveness discussions and policies in recent times with the alignment of donor policies on aid to the national development framework. There has been a partial improvement in the efficiency of aid delivery over the past five year according to the 2010 PD evaluation survey. The funding of agricultural value chain as well as other key interventions particularly in infrastructure development are key areas where aid is helping to leverage the country's own policies and programmes to achieve higher national objective. The provision of aid effectiveness platforms

which have promoted dialogue between donors, government and civil society are all clear evidence of improvements in development outcomes. PD has also helped to institutionalize good governance practices such as press freedom and the fight on corruption. Project level outcomes have also confirmed the improvement in aid effectiveness. However, despite these positive outcomes, PD has had unintended effects which have limited its development outcome. The new complex aid architecture comprising a mixture of programme and project aid makes a lot of demands on aid administrators and the government machinery. Significant amount of time is spent at meetings and other aid related activities thus adding to the transactions cost and reducing the development outcomes of aid.

The Accra Agenda for Action (AAA) also noted that the predictability of aid has improved with DPs routinely providing multi-annual indicative funding commitment and quarterly reports on disbursements. Capacity building to strengthen country systems are on-going especially the Public Procurement Authority and the Audit Service. Capacity building is an integral part of the PFM. The use of process and policy conditionality by DPs particularly those subject to the interpretation of donors is undermining aid delivery. Although there have been some improvements in aid conditionalities over the past five years, DPs continue to put significant demands on government in terms of time reporting needs uncoordinated missions and meetings all add to the already high levels of transactions costs. This has been attributed to the lack of delegation of authority of donor HQ to local offices not forgetting the high staff turnover rate and in some cases low quality staff used in DPs local offices. Finally, evidence of de facto untying exists but technical cooperation still remains tied.

In view of the above findings from the 2010 evaluation of the implementation of the PD, the following recommendations are made:

### Government of Ghana

- (i) The Government of Ghana should strive to improve its systems to build the trust of donors to also use them. Annual budget provisions and regular monitoring of progress with such country systems will gradually build trust and confidence in the systems to encourage its use by donors which will then lead to its perfection;
- (ii) The government should ensure better consultation with civil society members by institutionalizing the consultation process with CSOs. The current consultation process seems *ad hoc*;
- (iii) Transparency with new loans particularly with the BRICKs should be promoted in order to build mutual trust with other partners;
- (iv) Another major issue is corruption and how this is addressed. It is true that there has been a marginal



improvement in how corruption is dealt with but there is more room for improvement. The way corruption investigations are quickly initiated but in the end it does not merit the resources committed to such investigations and should be checked;

- (v) Government should also invest in promoting the availability of data at the MDAs to promote the tracking and monitoring of aid funds to the beneficiary level.

### Donors

- (i) As Ghana continues to develop and improves on its accountability systems, it is expected that DPs will provide significant amounts of aid that can help transform the structure of the economy to promote growth and poverty reduction. Donors should also increase aid to Ghana and ensure that aid is provided in a much more coordinated way whether in the form of projects or budget support. In addition, in as much as donors strive to be responsible to their tax payers, they should together with the Government of Ghana ensure that there is full information on aid projects to the Ghanaian citizens;
- (ii) The review indicated that transparency issues surrounding 'emerging' or non-DAC donors are of concern to DPs and civil society. Thus, non-traditional donors should also be brought on board the harmonisation process in order to ensure that transactions cost is reduced significantly;
- (iii) Donors should also harmonise their aid procedures; the recent pace of harmonisation is very slow (see the Ghana Aid Harmonisation Matrix). There should be a shift from project funding towards pooled or programme funding by ensuring that the various projects are integrated into the Ghana Poverty Reduction Strategy to avoid stand-alone projects;
- (iv) The non-use or partial use of country systems continues to challenge aid effectiveness in the country. DPs are used to 'own style' and coupled with their limited institutional arrangements, they have made limited improvement in aligning with country systems. It is only when such systems are used and reformed that the expected 'perfect' system can be operational. Thus, it is important that as donors continue to provide assistance they strive to build the capacity of local project managers and implementers;
- (v) The high turnover of DP project staff and quality issues with field staff were mentioned as a key challenge to aid effectiveness. Thus, DP HQ should strive to promote

continuity of staff and also address the quality issues that undermine aid effectiveness;

- (vi) Although the PD requires mutual accountability, it has been reported that accountability has been skewed towards the partner country with little accountability from DPs. DP funding to civil society organisations, project funding have not been communicated to government thereby encouraging off-budget spending and corruption;
- (vii) Aid conditionalities still remain and the mixture of project, programme and pooled funding has led to a complex aid architecture with its associated high transactions cost. Thus, donors should continually shift from project funding towards programme of pooled funding;
- (viii) A major issue with progress on the AAA is the existence of tied aid. Donors continue to operate tied aid system particularly with procurement of goods and technical assistance. As DPs strive to move towards pooled funding, this challenge can be minimized;
- (ix) Donors and the government should promote accountability of aid funds to civil society in Ghana by ensuring that aid data in a disaggregated form is made available and accessible. There should also be a system in place to ensure that funds are tracked to their recipients. We understand Aid and Debt Management Department is working on this and it is hoped this will significantly enhance the impact of aid in Ghana.

### Civil Society

- (i) Civil Society Organisations should be restructured into clusters to serve as stakeholders and not just watch dogs;
- (ii) Civil society should form watch dogs to discuss aid projects and also to serve as monitoring tools for aid projects in Ghana, though there is no indication DPs aid in Ghana are not run adequately. However, tracking aid funds to recipients has been a major challenge to aid effectiveness in Ghana as revealed by an ODI study. Thus civil society watchdogs will significantly highlight problems associated with corruption, misapplication of aid funds and the problem of 'white elephant' projects;
- (iii) Civil Society Organisations' participation in aid effectiveness discussions should be inclusive and institutionalized in order to get effective participation and ownership.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### INDONESIA

## Executive Summary

### 1 Scope of the evaluation

Indonesia is a signatory to the Paris Declaration on Aid Effectiveness, and has committed to the aid effectiveness principles and commitments contained in the Declaration. As participant in several High Level Forums on Aid Effectiveness the government is committed to take forward the Accra Agenda for Action as well as other declarations on financing for development.

The joint evaluation on the Paris Declaration was decided in the effort to look into the implementation of the Paris Declaration, in addition to survey-monitoring. The first phase of the Evaluation ran from March 2007 to September 2008, looking at inputs and early outputs. It was designed and used to deliver practical lessons and help take stock of implementation performance at the 3<sup>rd</sup> High Level Forum on Aid Effectiveness held in Accra, Ghana in September 2008. The second phase of the evaluation should run starting from the 3<sup>rd</sup> High Level Forum in 2008 up to the 4<sup>th</sup> High Level Forum in Korea in 2011. This second phase gives emphasis on outcomes and results and offer answers to the critical policy question of whether the intended long-term effects of the Paris Declaration are being achieved.

Indonesia did not participate in the first phase of the evaluation, but in the second phase. The aim of the evaluation is to document, analyse and assess the relevance and effectiveness of the Paris Declaration in Indonesia and its contribution to aid effectiveness and ultimately to development results, including poverty reduction.

Specific objectives include:

- a. to document the results achieved in the country through implementing the Paris Declaration;
- b. to enable the partner countries and donors/agencies active in the country to clarify, improve and strengthen policies and practice consistent with the Paris Declaration in pursuit of aid effectiveness and development effectiveness;
- c. to highlight barriers and difficulties that may have limited the effectiveness of the Paris Declaration and its effects and impacts – and ways that these barriers and difficulties may be overcome;
- d. to enable sharing and exchange of experience among stakeholders, countries and partnerships so as to facilitate reflection, lesson-learning and policy improvement.

### 2 Findings

#### Relevance of Paris Declaration

- Indonesia's development situation and context is that it demands more funding than what the country could provide by itself, more expertise and trained manpower than what it currently possesses, as well as better management of resources and programs. There are still programs that are implemented without sufficient involvement of the government (lack of ownership), lacking of transfer of knowledge, and only accountable to their own government.

Natural (tsunami and earthquake) and man-made (flood and landslide) disasters clearly put pressure on allocation of resources for development activities. The government has to balance between sustaining development activities and redirecting funds to help disaster victims. Eradication of corruption adds another challenge to ensure development funds are not drained out. Although financial management the government improved from disclaimer in 2004 to qualified opinion in 2009, index of corruption remains low.

All facts above potentially divert limited development funds allocated by the government. In combination with a yearly budget deficit and financing gap as reported by UNDP and UNFPA, aid could be considered a source of funds for the government to sustain development activities. Effective aid management is also paramount in ensuring that the country does not fall into a “perish” country because of debt coupled with slow achievement of MDGs, the government needs to manage all resources available, foreign aid included, in ensuring that development programs are designed and implemented effectively. It is simply obvious that the Paris Declaration has significant relevance to the Indonesian context.

- The Paris Declaration was declared at a time when the government began efforts on managing aid better. The Paris Declaration is a useful and instant management guidance that the government could use to improve management of development activities, in particular toward aid effectiveness. However, the Paris Declaration did not have any effect on the way the government place efforts toward aid effectiveness until the Jakarta Commitment was signed. This is mainly because the government has placed many efforts in managing aid better by reviewing and enacting several laws on management of aid, procurement systems and anti corruption.

The Paris Declaration is implemented in coordination between the government and development partner after the signing of the Jakarta Commitment in 2009. Under the facilitation of the Aid for Development Effectiveness Secretariat (A4DES), the government and development partners have been collaboratively working on several issues on furthering aid effectiveness. Three working groups, Monev, PFM, and Procurement have produced results that could be used by the government to further strengthen aid effectiveness. Development partners have also placed efforts in collaboration among themselves on harmonising their aid, and adjusting their country strategic directions in an effort to align with Indonesian strategic direction.

### Implementation of Paris Declaration

- **Ownership.** Thanks to a group of relevant high ranking officers and their respective staff in Bappenas and MoF

ownership has progressed positively at varying degrees. This enthusiasm, however, has not necessarily been fully shared by most other ministries.

The government’s ownership is shown by clear RPJMN in its direction for development. The process of civil society participation in development activities has improved, since people of Indonesia enjoy their democratic environment. The signing of the Jakarta Commitment and active participation in the working group under A4DES activities show development partners’ commitment to all advancing government ownership.

- **Alignment.** The alignment principle to some extent has been enhanced and accelerated through the establishment of A4DES. Some development partners responded positively by participating and supporting several activities of the working groups. While the process of strengthening local systems and procedures continues, several major development partners have adjusted their policy to allow using local systems and procedures.

Under the current situation, the government feels that unlike multilaterals most bilateral aids still have ties with certain conditions. There has also been an opinion among the government officers that they have less power during negotiations which does not reflect equal partnership. Some development partners place conditions in the agreement, because they are accountable to their stakeholders and expect to have quality aid.

- **Harmonisation.** Harmonisation is another hard principle to implement. Every development partner has its own mission to carry out, and it may significantly differ from others. Having such challenge, the current quality of harmonisation could be considered a significant achievement.

Several development partners have shown their commitment and take actions to work in collaboration among their peers at program level. The government’s leadership quality in coordination has improved according to some development partners. Still, the government has not been proactive enough in leading strategic coordination and thereby use development partners’ comparative advantages.

- **Development results.** Collaborative management of the monitoring and evaluation aspect of development results has not moved as expected. The government still focuses more on evaluating achievements of sectors which takes place yearly. Development partners tends to evaluate their development programs (i.e. grant) against the programs’ defined targets. In particular, monitoring of bilateral off-budget programs has been fully program focused and managed directly by the respective implementing agencies.

A recent joint monitoring and evaluation between MoNE and the World Bank could serve as an appropriate sample of improved collaboration between the government and development partners. Both parties have developed and agreed upon a common set of development results – outputs and outcomes of BOS Program that contribute to education sector goals. Another sample is collaboration between the government and JICA in conducting several joint monitoring and evaluation of Japan ODA funded project in Indonesia.

- **Accountability.** By law, the national and local parliaments have been given the authority to approve and disapprove the annual national and regional budgets. Civil society organisations have been active in monitoring the utilization of funds and evaluate development performance against the agreed targets. The government has jointly carried out monitoring of loan performance with development partner, which helps the government to present comprehensive budget reports to communities and other stake holders. As part of improving accountability, BPK and BPKP are active in conducting development program audits. Under several aid agreements, audit of BPKP is added as an obligation to the government.

The many changes in government rules and regulations aimed at reducing misuse of development funds by, both government and development partners, that have been introduced and put into effect have reportedly demonstrated effects that indicate a reduction in corruptive practices.

### Contribution of Paris Declaration to Aid Effectiveness and Development Results

- The Paris Declaration has obviously raised awareness among groups in the government and development partners of the importance of aid effectiveness. It is a foundation for the government and development partners to collaboratively pursue better aid effectiveness and development results. There is clear indication of direct contribution made because of the Paris Declaration, where the principles are integrated into a nation wide program.
- When integrated into national development efforts like the MDGs, the Paris Declaration will have a significant and long-term contribution on aid effectiveness.
- Despite a relatively small proportion of aid in the national development program budget, aid has helped the Government of Indonesia continuously by allocating appropriate quantity and quality of resources.

### Effect of Paris Declaration Implementation

- **Management practices.** There have been some effects of Paris Declaration on ODA loan management. The government has managed loans better. The mechanism

facilitates the government to have multi-year loan commitments from development partners and to predict the amount of aid in a particular period of development.

Further in an attempt to perform better in aid management, the government arranges a regular coordination monitoring on performance of loan with technical ministries involving development partners, The Central Bank, BPKP and MoF. Such aid coordination allows the government to minimize risks of poor performance of loan absorption.

Unfortunately, many grants have been operated with less compliance to the Paris Declaration. The Government of Indonesia is very concerned with such a mode of operation, with partly because of poor coordination among the government and development partners. The government and development partners require additional resources to rearrange such grant mode of operations. A new mode of cooperation has to be defined jointly by the government and development partners to respond the government's concern or assessing the existing mode of cooperation, such as KHPPIA and must adjust to accommodate different interests.

- **Policy reforms.** Policy reform tends to sustain, since there are still gaps between local systems and procedures with the international. For example: gaps on fiduciary systems and there is a demand for better public financial management. This sustain policy reform is obviously a burden to the government.

### Key Implications

- Aligning procurement systems appears to be a tough target. It requires significant amount of resources to achieve and involvement of high level decision makers at Headquarters level. Targets under the Paris Declaration are hard to achieve, unless there is a political will from development partners to adopt local systems and procedures.
- The government and development partners may face problems when allocating appropriate resources. Coordination is necessary. For example: Accountability to the public requires a constant flow of information from development partners on aid disbursement to the government, which requires a significant amount of resources. On the other hand, the government needs to allocate enough resources to manage and organise the information from development partners. Staff needs to balance between implementing and monitoring program implementation for good results and managing information to show accountability.
- Indonesia is prone to natural and man-made disasters that affect people's lives severely. Climate changes may also have similar effects to people's lives. Together they

will definitely put pressure on the government to judge between development activities and emergency aid. Having limited resources, the government will continuously rely on foreign aid to respond to emergency needs.

Under emergency situations, aid effectiveness may be overlooked when responding to urgent needs of disaster victims. The government and development partners have to develop and agree on a system applicable for emergency as a rule if both parties will strive for aid effectiveness.

- Paris Declaration implementation needs cooperative efforts and mutual trust between government and development partners. However, this expected behaviour does not take place. Implementation of Paris Declaration nowadays shows an urgent need for more committed staff. Coordination and mutual works can not do without competent staff. A4DES is a good action taken by the government with support from several development partners. Still, requirement of competent and dedicated government officers who could intensively support and provide guidance to the Secretariat is paramount.

### 3 Recommendations

- **Putting Policies into Practices.** There are many regulations that the government has enacted to ensure that national development brings fruitful benefit to the people of Indonesia. RPJMN has priority of development and emphasize pro-poor, pro-growth, pro-job and pro-environment. However, the national budget does not reflect strategic directions that the government place in its RPJMN. The government is strongly recommended to reform its budgeting approaches allowing for more funds allocated to less developed regions or enclaves within better regions, and to sectors that enhance achievement of MDGs. Increased budget allocations also mean increased accountability, whereby the government has to place resources to apply results-based monitoring as mandated under the Government Regulation No. 54/2006.
- **Strengthen National Wide Program.** WSSLIC, PNPM and BOS Program are some examples of strong national development programs within the health and education sectors respectively. The three programs suggest that the government and development partners need

to work closely with program implementation. When aiming at aid effectiveness, development partners are strongly recommended to integrate grant funded programs into regional and/or national wide programs and insist that the government implements the program with less assistances.

An exit strategy should be developed and agreed by the government and development partners to put time lines for gradual phase-out of technical assistances and phase-in of the government to continue the program. The exit strategy allows the government to plan to allocate sufficient human and financial resources – number of staff working as counterparts, period of involvement to allow carrier development, time for allocating budget for matching funds. It helps development partners in effectively placing technical assistance and leveraging coverage to wider regions from limited resources.

- **Reducing Number of Development Partner through Harmonisation.** More donors and more projects could harm the recipients' capacity to govern. The statement challenges the Government of Indonesia to choose between having more or less development partners. The government could have more development partners, but coordinate only with few development partners through aid harmonisation. The government is recommended to consider harmonising aid, thus enabling effective use of limited resources by the government. For example: Development partners with aid below a certain level are encouraged to harmonise its aid and operate in partnership with larger development partner(s).
- **Combining A4DES with KHPPIA Mode.** A4DES and KHPPIA are two cooperation modes in compliance with the Paris Declaration. The Government of Indonesia is strongly recommended to take into account the two modes of cooperation as instruments/vehicles, in ensuring aid effectiveness is achieved. The Government of Indonesia, as recipient country will benefit from an increase of national program coverage and/or the strengthening of national program implementation that is accountable to the people of Indonesia. If adopted, the government and each development partner require only (at least) one competence staff to work collaboratively and representing each party. Thus, staff draining will be minimized, in particular the government's side.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### MALAWI

## Executive Summary

Over 120 countries and over 30 international organisations endorsed the **Paris Declaration (PD) on Aid Effectiveness** in March 2005. The Declaration has five key principles of aid effectiveness, including Ownership, Alignment, Harmonisation, Management for Development Results and Mutual Accountability with the aim to improve the quality of aid and its impact on development. Malawi fully embraced and utilised the PD to strengthen its relationships with development partners and improve aid effectiveness. The PD principles were essential and relevant in strengthening aid management and effectiveness in order to achieve economic growth and attain poverty reduction.

This report presents the results of the **Phase 2 Evaluation** of the implementation of the Paris Declaration in Malawi. This is consistent with the comprehensive evaluation strategy developed to understand the Declaration's achievements for aid effectiveness. The evaluation assesses the relevance and effectiveness of the Paris Declaration and its contribution to aid effectiveness and ultimately development effectiveness, including poverty reduction in Malawi.

A standard Evaluation Matrix developed by the International Reference Group (IRG) formed the centrepiece of the **evaluation methodology**, involving desk review and semi-structured interviews with stakeholders in government, civil society, donor community and the private sector. Interview guides and questionnaires were used to gather relevant information for responding to three common evaluation questions related to the context of the PD, process and intermediate outcomes and development results. **The structure of the report** also follows the country matrix.

The evaluation did not proceed without **limitations** that must be taken into account when using this report. First, slow response from respondents and scheduling conflicts with interviewees resulted in limited number of interviews and questionnaires administered. Second, national and sector statistics presented challenges in terms of data availability and consistency over pre- and post-PD period. Finally, there is evidence of other developments apart from the PD that can explain development results and intermediate outcomes in Malawi. Thus, the assessment of development results is limited to possible linkages and contributions of the PD without following the attribution route.

PD principles were introduced in Malawi within the **context** of good domestic policies and strong economic and political leadership in 2004 following the election of a new President. The implementation of PD-related measures under the IMF program before 2005 and the formal adoption of PD principles in 2005 strengthened Malawi's relationships with development partners and improved aid effectiveness. ODA increased steadily after 2005 due, in part, to the strengthened relations and increased donor trust in the country's economic management and governance. Further, the status of some of the **development outcomes** after 2005 represents an improvement over those recorded in earlier years. The proportion of the population categorised as poor reduced from 52% in 2004 to 40% in 2010. Similarly, the proportion of the population categorised as ultra-poor reduced from 22% to 15% in the same period. Further, although Malawi's life expectancy is below the global average, it increased to 54.1 years in 2010 and compares favourably in the region. Furthermore, Malawi is on



course to achieving five of the eight MDGs, including eradicating extreme poverty (Goal 1), reducing infant mortality (Goal 4), combating HIV and AIDS, malaria and other diseases (Goal 6), ensuring environmental sustainability (Goal 7) and developing global partnership for development (Goal 8). Moderate progress in some of the aid effectiveness indicators explains, in part, the improvements in these development indicators. However, progress in some development outcomes has been slow, including three MDGs. Specifically, in the health sector, achievement of outcomes targets in 2015 is doubtful for such indicators as Infant Mortality Rate (IMR), Under Five Mortality Rate (U5MR) and Maternal Mortality Rate (MMR). The slow progress in some of the aid effectiveness indicators explain, in part, the slow progress in these development indicators.

Malawi's implementation of the PD principle on **ownership** has been moderate. With an operational national strategy, the Malawi Growth and Development Strategy (MGDS), which is consistent with the long-term vision for the country as stipulated in the Vision 2020, Malawi has exercised effective leadership over its development policies and strategies and received a rating of C in 2006 and 2008. However, although progress has been made towards addressing issues identified in both the 2006 and 2008 PD monitoring surveys, elements of compromised and weakened ownership exist, and the country requires substantial action in order to get the 2010 target rating of B. Donors must show preparedness and flexibility to increasingly invest in the national priorities and programmes. In addition, knowledge and awareness about PD among Civil Society Organisations (CSOs) should be increased in line with AAA's emphasis on ownership beyond national public institutions to include Parliament and civil society.

Malawi has made some progress towards establishing and strengthening national systems as well as encouraging the use of these systems such that implementation of the PD principle on **alignment** has, to-date, been low to moderate. Three key important pieces of legislation were adopted in 2003, including the Public Finance Management Act, the Public Procurement Act, and the Public Audit Act. Government has also implemented the Integrated Financial Management Information System (IFMIS) to track and record public expenditure in line with international standards. Progress has been made to improve procurement systems and capacity, including linking procurement plans to budgets and training of staff in largest spending procuring entities. The proportion of aid flows reported in the budget and coordinated support to strengthen capacity have been increasing. The proportion of aid flows using government PFM systems was above the global average in both 2006 and 2008 and the number of PIUs has been reducing steadily during the same period. GoM compiled information on 48 Project Implementation Units (PIUs) from 12 donors operating in Malawi and plans to phase out 27 parallel PIUs by 2011. Progress is also being made with all budget support donors disbursing over 80% of what they committed and the PAF 2010 reported significant improvement in the predictability of GBS in the period 2004-2009.

However, implementation of the PFM reforms has been slow. There are still capacity problems in the use of the IFMIS and procurement systems. A significant proportion of Malawi's aid is not reported in the budget, operational Technical Cooperation Policy and Sector Capacity Building Strategies are lacking in all sectors except health, many donors are either not using or partially using the country systems, and aid predictability among CABS (Common Approach to Budget Support) donors is affected by conditionality and other related factors.

Malawi's implementation of the PD principle on **harmonisation** has been moderate. Malawi is making progress in increasing the number of joint missions and analytical work. For example, the AfDB Country Office undertook joint analytical work with the World Bank, DFID and the Millennium Challenge Fund of Malawi on the 2009 Country Economic Memorandum of Malawi. Further joint analytical work is anticipated between the AfDB, UNDP and World Bank in preparation of their Country Strategy Plans. Furthermore, there is an increasing trend in the use of PBAs. However, the total number of activities under joint reviews increased between 2006 and 2008 and the dominance of direct project support in Malawi limits alignment and harmonisation. For instance, despite a well organised and functioning SWAp in the health sector, there are more than 100 projects from more than 20 donors who are providing funding to the sector outside the SWAp arrangement. This type of situation is greatly compromising the strides and the benefits of the SWAp arrangement made by government and places a large burden on the Ministry of Health and other government systems to efficiently manage the donor input into the sector. It is also noteworthy that some major donors like USAID do not subscribe to the PD arrangements; they have their own ways of channeling funds to the development projects in Malawi.

Malawi's implementation of the PD principle on **managing for results** has been low to moderate. Malawi is making efforts to improve the national result based M&E framework. While M&E capacities has been limited in public institutions, the Ministry of Development Planning and Cooperation has in recent years made efforts to build M&E capacities for monitoring and evaluating the MGDS at sector level. Four annual reviews have been done for the MGDS since the fiscal year 2006/07. However, most M&E systems are still weak, coupled with lack of quality data and access to such data by stakeholders.

The joint analytical work among donors has strengthened **mutual accountability**. A good example is the "Common Approach to Budget Support, March 2010 Review and Aide Memoire" chaired and co-chaired by the AfDB and Ministry of Finance, respectively. The GoM coordinates its PFM strengthening measures through the Group on Financial and Economic Management (GFM). However, challenges still exist. The Mutual Accountability case study suggests that there are power imbalance between GoM and the donors. On one hand, the power of donors is that of the purse-strings whereby accountability conditions are enforced over the GoM by delaying disbursement of funds or reducing aid commitments. On the other,

the GoM has no realistic enforcement mechanisms to hold the donors accountable. Nonetheless, there is evidence that progress, though limited, is being made on both sides.

The sector studies reinforce the findings on the extent of contribution of PD implementation to development outcomes. Progress towards development results in the **health sector** has been mixed and slow. While there has been some progress in IMR, U5MR and MMR, achievement of 2011 targets for these indicators is uncertain. This is due, in part, to varying and mixed progress in some of the aid effectiveness indicators.

Positively, the health sector in Malawi can be described as a “donor darling”, having been more organised and to some extent “donor led”. The sector appreciated the significance of aid effectiveness earlier than the signing of the PD in 2005, with four National Health Plans<sup>1</sup> (NHPs) preceding the current Health SWAp Program of Work (2004-2011)<sup>2</sup> which was developed before the signing of the PD. The Ministry of Health (MOH) and its Cooperating Partners (CPs) also signed a Memorandum of Understanding (MOU) concerning the Health SWAp in Malawi in October 2004 to ensure transparency and accountability during implementation. Due to its good organisation under a SWAp arrangement, the health sector has attracted larger donor support than any other sector. The sector received higher proportion of pooled funding (averaging 95% of the total donor funding over the past three years) than discrete funding (averaging 5%) under the Health SWAp POW. This is consistent with the “very satisfactory” rating of the alignment indicator of the PD in recent MGDS Annual Reviews. The assessment of aid effectiveness in the health sector is done through the monitoring of eleven PD indicators<sup>3</sup> in the MGDS Annual Reviews. According to the reviews, most of the PD indicators depict very satisfactory performance, mainly reflecting the SWAp arrangements that exist in the health sector.

However, slow progress in development outcomes is due to slow progress towards targets in institutional deliveries and ARV prophylaxis, disappointing progress in the malaria programme (as measured by POW indicators) as well as gaps in service coverage due to inadequate geographical distribution of services, especially affecting women, children and the poor. Other challenges include inadequate work forces, lack of participatory planning processes at the local level, limited functionality of the Health Management Information System, irregularities in procurement of medicines and medical supplies at the central level. There have been variances between the funds pledged and disbursed by donors for both recurrent and development budgets, thereby raising concerns on predictability of aid and complicating planning and presenting

1 The last NHP covered the period 1999-2004

2 The current POW has been extended by a year

3 These include operational sector strategy, aid flow alignment to national strategy, coordinated support for capacity building, use of country procurement systems, use of country PFM systems, number of parallel implementation structure, predictability of aid, use of common arrangements or procedures, shared analysis, joint field missions and results based frameworks.

barriers to achievement of targets. Predictability and delivery of aid, has varied over the recent years among pooled and discrete partners, thereby casting doubt on the productive nature of the structured dialogue under the POW in terms of its focus on PD principles, such as predictability of aid.

Achievement of results in other sectors in selected priority areas of the MGDS is also mixed. Common sector issues include use of separate partner financial, management and procurement rules due to little trust in government systems as well as unpredictable aid due to lack of disclosure by donors on actual contributions. This is explained by the lack of PD-related arrangements like SWAps in these sectors. Thus, PD implementation contributed, in part, to achievement of development results.

The report draws several **key lessons and recommendations**. The major lesson in Malawi is that strong economic and political leadership to reform is critical to ensuring smooth adoption of PD principles especially national ownership. The adoption of PD principles in Malawi took place within this context. Second, donors need to be confident in the budget process and national systems in order to support Malawi’s development process using local systems. Third, General Budget Support will not have its expected impact if the government lacks budget discipline and fails to reform its macroeconomic policies. GBS donors demand this and are often interested in making sure that the government’s pro-poor expenditures increase and support improved service delivery. Finally, lack of support to gender issues in economic sectors results in pro poor misalignment of aid.

Finally, the report presents **key implications beyond the planned PD-term**. First, country-level strategies for implementing the PD and AAA must be developed. The Aid Effectiveness agenda needs a more focused approach to implementation. At present, beyond the monitoring survey, there is no systematic attempt to ensure that each country is pushing the agenda forward. With support from donors, each country can develop an implementation plan to speed up the process. Capacity development is central to this. Stronger capacity to measure, analyse and report on aid flows is required, but more importantly, leadership skills among senior civil servants in developing countries need strengthening to ensure that the development agenda is not set by donors, as is often the case.

Second, incentives on both sides of the aid relationship must be examined in greater depth to assist in understanding of why progress against following the PD is slow. To understand the barriers to improved performance on aid effectiveness commitments, there is a need for a closer understanding of the incentive structures governing donors and governments. All donors are accountable to their electorates, member-states or boards, who influence the modalities and direction of their spending. Similarly, governments are subject to electoral pressures, with preferences for expenditure in certain other sectors. The incentives created by these channels of accounta-

bility make some PD commitments more difficult to meet than others. To address poor performance on these commitments, we need a far more detailed understanding of these incentives, to enable both governments and donors to address the root causes of poor performance.

Third, a system of knowledge management and learning on aid effectiveness needs to be created. Currently, there is a great deal of research on aid effectiveness, including global studies and country-specific analyses. A single repository for this information should be created to facilitate dissemination

of good practice and learning across countries. We should encourage universities and the Malawi Institute of Management to offer modules on aid effectiveness in courses in development. Currently, many such courses focus on the actual economic impact of aid rather than on the issue of how to make aid as effective as possible.

Fourth, the dominance and significance of project support requires re-thinking and flexibility among donors and partner countries to devise new mechanism for introducing and implementing PD-related principles.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### MALI

## Executive Summary

### 1 Introduction

Since the mid-1990s, particular attention has been paid to Official Development Assistance. The OECD DAC chose Mali as a pilot country to initiate a review of aid effectiveness. Within this context, several procedures to reform aid were undertaken and institutional mechanisms were adopted by the government and donors. Reports on the aid reform in Mali show that compared to initial objectives, the procedure – which had not achieved the anticipated successes in the 1996-2001 period – saw significant improvement in the 2006-2010 period (see evolution observed in the 2006 and 2010 Public Expenditure and Financial Accountability assessment reports). We can see that the coordination boards established as part of the aid reform have proven important for dialogue, information sharing and donor coordination.

Since 2002, innovations have been noted in development assistance practices in Mali.

In terms of coordination, significant change has been observed since 2002 in connection to the monitoring and evaluation of the strategic framework for poverty reduction (Cadre Stratégique de Lutte contre la Pauvreté – CSLP). Since the CSLP's adoption, the Mali-TFP (Technical and Financial Partners) Joint Commission has met regularly and examined a number of themes associated with the implementation of the CSLP such as education, decentralisation and the management of public funds. However, joint commissions have remained more a place to share information rather than a formal coordination or decision-making body. Yet, significant progress has been noted since 2007 with the implementation of the Paris Declaration.

The periodical assessment of commitments made by stakeholders is a fundamental principle of the Paris Declaration and Accra Agenda for Action, hence this assessment of Phase 2.

### 2 Observations regarding common evaluation questions

In accordance with the Evaluation Study Terms of Reference and Generic Specifications, concise observations regarding the common evaluation questions are presented as follows:

#### 2.1 Context of the implementation of the Paris Declaration

Official Development Assistance comprises all of the resources provided by donors to a country to support its development. Mali has received assistance since the start of its independence. During this time, the assistance provided has considerably increased, expanding from 10 million US dollars per year in the 1960s to 558 million US dollars in 2007. In 2009, the aid granted represented close to 10% of the GDP, corresponding to 45% of the State budget.

The aid granted to a country is characterised by three key factors: volume, form and origin. The volume of aid granted by TFPs is based on the development level of the country, the quality of its governance and its vulnerability to external shocks. However, it can also depend on the economic, financial and sociopolitical situation of each TFP.

Some of the key factors that have impacted aid are various measures adopted by Mali since the adoption of the Paris Declaration in March 2005. These include the Strategic Framework for Growth and Poverty Reduction (2007-2011), adopted by the government in 2006; the Framework Arrangement for budgetary supports, signed by the Government of Mali and Mali's development partners in 2006; the Specific Arrangements established between the Government of Mali and TFPs regarding sectoral budgetary supports in favour of the health (health and social) and education sectors in 2006; the government's adoption of the 2007-2009 National Action Plan on Development Aid Effectiveness in 2007; the adoption by TFPs of the Joint Country Assistance Strategy (2009), a manifestation of the political will of Mali's TFPs to profoundly change the terms of their assistance; and the adoption in 2005 of a national decentralisation policy framework paper (2005-2014) structured around four focus areas: capacity building for territorial communities, improvement of devolution, development of citizenship and development of private service delivery at the local level.

Notable among the factors that influence the implementation of the Paris Declaration are the efforts deployed by the government and TFPs to improve aid effectiveness. Note, for example, the establishment of the Aid Harmonisation Secretariat and the TFPs' Technical Pool. This facilitated the institution of a regular dialogue between the Government of Mali and its development partners.

In terms of significant elements in the area of aid, it should be remembered that in addition to the traditional providers of assistance to Mali (subscribers to the Paris Declaration), other countries also provide substantial support: China, Libya, India, Brazil and Venezuela. Funding from these countries is mainly applied to targeted sectors like agriculture, infrastructures and health.

Another factor that significantly influences Official Development Assistance to Mali is the impact of the energy, food and financial crises on the country's economy. The consequences of the locust crisis in the 2004-2005 crop year led to a loss for the State budget, offset by a grant to ensure the supply of grains to the country. In 2008, the explosion of prices for food products on the international market was contained through tax exemptions on imported food products. TFPs granted compensatory funding through the State budget.

## 2.2 Intermediate processes

Since the implementation of the Paris Declaration, a positive change has been noted in Mali in the implementation of the commitments made, despite lingering difficulties. Following are observations made with regard to the Declaration's five focus areas.

**Ownership:** Regarding the reinforcement of operational frameworks and strategies, we should note that in 2006, a

Strategic Framework for Growth and Poverty Reduction was adopted by the government for 2007-2009; the Medium-Term Expenditure Framework approach was generalised, expanding from four (4) government departments to fourteen (14); the Medium-Term Budget Framework is updated annually; the Aid Harmonisation Secretariat was established.

Results include the fact that representatives of national structures have now mastered the development of the Medium-Term Resource Framework; sectoral ministries have strengthened their capacities by working to improve their budget framework every year; and the common programme for co-localised structures has been given effect.

However, ownership has been and remains a slow and still limited process. It concerns the central government much more than regional or local authorities. Ownership is much more advanced in the education, health and macroeconomic management sectors. The country's timid leadership influences this degree of ownership.

**Alignment:** The Framework Arrangement between Mali and its TFPs expressly provides for the alignment of aid to national priorities: government-led coordination; harmonised terms and conditions between donors based on government strategies and programmes; multi-year financial commitments (subject to achieved performance) by donors, to help the government establish its medium-term macroeconomic and budgetary forecasts; a schedule of donor commitments and instalments compatible with the State budget cycle; provisions for donor assessments integrated in government assessment mechanisms.

Despite these various commitments, difficulties remain: the priorities of some donors and Mali's priorities are not aligned; the refusal by some to use national systems and procedures. The reasons cited relate to the incompatibility of systems and procedures with international standards and the lack of reliability and effectiveness of national systems.

**Harmonisation:** Actions have been taken at the national level to simplify and harmonise procedures, including the following: a first Public Expenditure and Financial Accountability assessment was conducted in 2006; a government Action Plan for the Improvement and Modernisation of Public Finance Management was approved by the government in April 2005 for the 2006-2009 period and for a second phase covering 2011-2015. A second, more recent Public Expenditure and Financial Accountability assessment was just completed; a new government Contracting Code was adopted in 2008 to institute greater transparency and devolution.

Difficulties included the fact that local TFP representation offices are sometimes not in step with their headquarters.

**Results-Based Management:** The introduction of results-based programmes is slow and limited to the sectoral level.

Some sectoral programmes are more advanced (health, education, decentralisation).

Sectoral budgetary assistance entails monitoring mechanisms based on annual performance indicator checklists, technical and financial tracking reports, a review of the sector's public expenditures and an audit report on programme expenditures. Monitoring in part triggers disbursements, based on the achievement of a number of sectoral objectives.

However, it was noted that donors do little to reinforce the assessment mechanisms and tools included in national strategies.

**Mutual Accountability:** The goal is to mobilise a greater number of players (government, TFPs, Parliament and Civil Society) to control aid management and make it transparent. Much effort has been deployed to reinforce transparency in the management of public resources, but efforts are still needed to make control structures and the war on corruption more effective.

### 2.3 Developmental results

Although it may be difficult to attribute the development results observed solely to factors contained in the Paris Declaration, it can be said that the latter contributed to the results achieved. The support of development efforts in Mali through significant aid (around 10% of the GDP) helped maintain an annual economic growth rate greater than the demographic growth rate (3.6% compared to 3.1%). In addition, the incidence of monetary poverty is estimated at 43.7% in 2009, down 3.7 percentage points from 2006 (47.4%). It has dropped significantly in rural areas, decreasing from 57.6% to 53.5% thanks to public investments, particularly in basic infrastructures.

The Government of Mali and its development partners focused on the health, agricultural and education sectors in particular.

## 3 Main lessons and recommendations

The implementation of the Paris Declaration led to some progress, some results on which to build and to reinforce in order to achieve sustainable results in the long term.

### 3.1 Lessons

- a) The following key positive aspects were noted:
  - Reinforcement of trust between the government and TFPs
  - Existence of a permanent coordination framework
  - A developing partnership framework aiming to take charge of all aspects of aid management
  - Although slow-going, the reforms undertaken are considered positive
  - TFPs have tentatively started using national systems and procedures
- b) Weaknesses also persist:
  - Weakness of the aid coordination mechanism
  - Scattered roles of the structures tasked with managing aid and accounting difficulties
  - Weakness of the reporting procedures in place to provide accounts to citizens regarding how Official Development Assistance resources are used

The following was noted with regard to TFPs:

- Insufficient delegation of power from TFP headquarters to their local representation offices
- Low predictability of aid, despite the adoption of the Medium-Term Resource Framework
- Refusal by some TFPs to align to national procedures
- Clear lack of desire to reduce parallel units

### 3.2 Recommendations

The key recommendations are as follows:

- a) To the government:
  - Streamline the ODA coordination and management system
  - Enhance the reliability of data on aid and the budget
  - Reinforce public policy assessments
  - Improve the performance of control structures in financial audits and the war on corruption
  - Increase transparency in the use of public resources
  - Strengthen the powers and capacities of the Aid Harmonisation Secretariat
- b) To the TFPs:
  - Respect the commitments made in the Paris Declaration
  - Enhance the predictability of aid



# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### MOZAMBIQUE

## Executive Summary

### Introduction

The **Paris Declaration (PD) on Aid Effectiveness (AE)** was endorsed in March 2005 by more than 100 countries and international organisations and aims at improving the quality of aid and its impact on development. **Monitoring and Evaluation (M&E)** of the PD was built into the declaration, with a commitment to “periodically assess, qualitatively and quantitatively, progress at country level”. There have been two monitoring surveys focusing on the indicators, and the first phase of the evaluation in 2007-2008.

This report constitutes the **Second Phase of The Evaluation report** which aims to document, analyse and assess the relevance and effectiveness of the PD and its contribution to aid effectiveness and development results in Mozambique.

The **methodology** was based on a standard Evaluation Matrix developed by the International Reference Group. The matrix was organised into three questions, related to A) the PD context; B) Aid Effectiveness Results and C) Development Results. A desk review, data analysis and interviews were carried out covering senior government officials (central and sectors), donor and UN representatives, civil society, academics and parliament.

There are certain **limitations to the report** in terms of linking development results, and often even intermediate aid effectiveness results, to the PD. Firstly, many of the aid effectiveness initiatives in Mozambique pre-date the PD, and there is evidence that the Mozambican experience actually influenced

the drafting of the PD. Secondly, the PD was implemented in a highly dynamic context, with many other drivers of development results. Thirdly, there is no counterfactual. Therefore the evaluation focused on “plausible linkages” and “possible contributions” of the PD rather than attempting any form of attribution.

### Main Findings and Conclusions

Mozambique has long been regarded as a success story, and a **donor darling**. Impressive rates of economic growth since the end of the civil war, the implementation of numerous reforms, a stable, democratically elected government, good progress on a number of social indicators have resulted in large aid flows. However, there are increasing concerns driven partly by the results of the household survey (2008/9), which suggests household income on average may not have risen during last five years. Results for social indicators were however fairly positive. There are also increasing donor concerns over governance, which led to a temporary suspension of General Budget Support (GBS) in the first quarter of this year.

In terms of the **context in Mozambique** the main key finding is that by 2004 (i.e. prior to Paris) a number of initiatives were being carried out that already embodied the principles enshrined in PD. These seem to have been driven largely by internal factors, in particular a group of “like minded” donors and government officials, taking budget support forward. This resulted in a 2004 memorandum of understanding (MoU) between government and budget support donors, which reads very much like a “PD-type” document.

By the **2005 baseline**, there were already 18 donors providing GBS and well-established Sector Common Funds in five sectors, some operating since the late 1990s. The proportion of programme aid (GBS plus sector programme aid) in 2005 was 46% according to the baseline survey. There was a nationally owned development strategy in place, and a system of working groups to harmonise donor actions and promote government-donor dialogue. A joint government-donor Budget Analysis Group was working on the issue of off-budget. There was a mutual accountability framework, with a donor performance assessment framework (PAF) with PD indicators.

One aspect of the **aid architecture** which can already be seen from the early 2000s is the creation of an extremely strong and influential donor grouping around GBS, which became and remains the most influential donor group. These Programme Aid Partners (PAPs) have driven the aid effectiveness agenda in the country from the beginning. However, recently the US and UN were admitted as associate members of the PAPs, which further strengthens this group but continues to leave out vertical funds and non-traditional donors, both of which are increasingly active in the country, as well as Japan who were invited to join and declined, partly on the basis of the high transaction costs associated with participation.

In terms of **Ownership**, by 2005 Mozambique was coming to the end of the first Absolute Poverty Reduction Plan (PARPA I) and starting to draft the second (PARPA II). Ownership was rated as “moderate” by the baseline survey in 2005 and the monitoring survey in 2007. This assessment would remain accurate today. There is a functioning MTEF which is linked to annual budgets. There are examples of where the government takes ownership on particular issues, however there is a feeling among government officials that there are limits to the extent to which donors are willing (or able) to allow ownership, particularly where there may be conflicting approaches. Given this skepticism by government, which does seem justified by recent examples, it is perhaps reasonable to suggest that ownership remains partial.

All donors report that there is strong **alignment** between their country programmes and government’s poverty reduction plans. However, PARPA II was fairly broad in scope, and donors participated in the formulation of the document, such that alignment of country programmes is fairly easy to achieve. There has been a steady improvement in **government systems** and increasing use of these by donors, mainly driven by programme aid, but more recently donors have started to channel funding for projects through national systems. Predictability is good for GBS and common fund contributions, but remains a challenge for projects.

There has been from early on a strong degree of **harmonisation** among GBS donors, in terms of policy dialogue and common reviews, and a large and cumbersome structure of working groups has been set up. There is evidence of fatigue associated with the large transaction costs involved in main-

taining such a structure, although government does report positive effects of being able to deal with a large number of donors as a group. Division of Labour initiatives have been underway for a number of years, but have largely not taken off due mainly to lack of buy in from government, and who are nervous that exits from sectors would not be done in a coordinated way, thereby reducing funding. In terms of the PD indicators on missions and joint analytical work, progress has been slow.

There is a well-established **results oriented framework** attached to the PARPA II and the forthcoming PARP, which is used as basis for a Performance Assessment Framework with PAPs. Programme budgeting has been introduced, although there remain severe capacity constraints especially at sector level in formulating indicators and in terms of data quality.

With regard to **mutual accountability**, as part of the annual reviews between government and PAPs, the performance of PAPs with regard to PD principles is assessed. There is a Performance Assessment Framework with targets which are either the same or more ambitious than Paris. However, the results of the assessment, which scores each donor against each target, are more used by donors (in dialogue with HQ, or in terms of peer pressure by more “progressive” donors) than by government. It should be noted that this process only covers PAPs and associates, thereby leaving out Japan, vertical funds and non-traditional donors.

In terms of the **impact of the PD on Aid Effectiveness**, the principle role the PD seems to have played in Mozambique, given that all elements of the Aid Effectiveness agenda were in place prior to 2005, seems to have been to maintain momentum, and keep the issue on the agenda for both donors and government. There are examples where both government and donors have used the commitments made under PD as arguments for a particular courses of action, so that the PD can be seen as playing a *legitimizing and supportive role*. However, the interpretation of PD in Mozambique has been highly focused on GBS, even though GBS itself is not mentioned in the PD. This has led to a narrowing of the debate to GBS and sector common funds, and only now are there signs of greater interest in making projects more on-budget. As projects remain the largest aid modality in the country, this is crucial.

**Development results** in the country have been mixed, despite high levels of economic growth. The recent 2008/9 household survey suggests a worrying lack of household income increase on aggregate, albeit with significant regional variations. This is worrying both for government and for donors who have poured aid into supporting poverty reduction in recent years. In general there has been more progress in social sectors than in economic sectors, and one of the key areas identified as contributing to lack of progress is the failure of agriculture. Mozambique is considered to be likely to meet four out of the 21 country level targets of the Millennium Development Goals

(MDGs), to potentially meet a further 10, and to be unlikely to meet one. Six do not have sufficient data to assess.

The **sector studies** highlighted some interesting issues which may be related to this differential in performance. In **health**, there has been a good performance on achieving indicators, and there is a general consensus on the approach to the sector, shared by government and donors. There is reasonably strong government leadership, and a well-functioning SWAp and common fund, with mutual accountability mechanisms and use of government systems. This is not to say that there have not been challenges in implementing aid effectiveness initiatives in the sector, and transaction costs of doing so have been high, but in general good progress seems to have been made in implementing PD. In contrast, **Agriculture** is where donors and government have disagreed on the way forward, and where donors have been withdrawing from, or reducing support to, the common fund, which was repeatedly described by donors as “a mess”. This enables us to conclude that where government has a clear and strategic vision and is able to take leadership, donors may be more likely to support the sector with Programme Based Approaches.

The assessment of the **Impact of the PD on Development Results** is a fairly tentative exercise. One hypothesis is that the implementation of “PD-type” aid in itself might attract funding, either to a country with a good record in this area, or to a particular sector. It could therefore have a local leveraging effect – although the extent to which this would be new funds rather than a result of donors switching modalities would be debatable. Based on the evidence at sector level, it can be concluded that if pre-existing strong vision and leadership from government exists, and donors agree with the strategic direction, then “PD-type” aid can contribute positively to enabling the government to achieve its development results. At central level, there is less evidence that GBS has had a positive impact on poverty reduction, but more analysis needs to be carried out. However, much of the dialogue around GBS has been on social sectors, and on governance issues, and there has been good progress in the former, and donors have secured specific commitments from government on the latter.

A number of **key lessons** are i) Mozambique put in place a mechanism of coordination and dialogue, however, these have become cumbersome, and there has been an increasing focus on process rather than results. ii) The creation of structures only provides the space for aid effectiveness to happen – whether aid actually becomes more effective depends on these structures being used appropriately, and in particular depends on government ownership. There are all sorts of reasons why government may not feel comfortable exercising ownership as envisaged by the PD. iii) It is important to ensure that *all* aid is covered by aid effectiveness initiatives (including projects and non-traditional donors). iv). Need for greater investment in capacity of governments to deal with the “new” forms of aid, which tend to have transaction costs which are felt more at central level (higher technical and political level).

v) Donors must also invest in the technical capacity of staff to engage in discussions on highly technical areas such as governance reform. vi) The PD is only known by a small number of officials at central level, and to a lesser degree by some in the sectors working directly with donors. vii) The main finding is that the PD ignored completely political and power aspects of the aid relationship. Implementation of the PD implies a mentality shift on both sides, but it is naïve to expect that a recipient country and a donor will come to see each other as truly equal partners, when the ability to “punish” is so one-sided. Government officials often raised their frustration that when push comes to shove, donors are able to force government by threatening to reduce or withdraw aid.

## Recommendations

For **government**, one key message is that tools are available to facilitate strategic management of donors, such as the MoU with PAFs, PAFs PAF, ODAMOZ (the national aid database) and the PD itself. There is perhaps greater “space for manoeuvre” than government realises, and needs to be more strategic use of these, which also implies the need for greater investment in capacity for aid management and coordination. There needs to be a clearer overall lead on aid effectiveness and donor dialogue issues, and government needs to be better structured internally to handle these issues. Ultimately, development results depend on good policies and effective implementation, and donors can play a supportive role to this, if constructively managed.

For **donors** it is clear that there needs to be more matching of behaviour to commitments. Donors need to recognize that ownership is more than government agreeing to donor suggestions and joint working groups. Donors should engage more with non-traditional and vertical donors, to ensure complementarity of approaches and also to learn from different perspectives. Donors also need to invest in the skills required for engaging in policy discussion with government, including better preparation of analysis to support high level policy dialogue, and specialized skills in areas such as legal reform and governance. Donors (PAFs) should also consider improving institutional memory and providing some permanent technical capacity for the group.

For **government and donors jointly**, there is clearly a need to improve productivity of political dialogue, to avoid a building up of frustration which leads to suspension of GBS, as happened in early 2010. There is a need for more inclusive aid architecture, especially given the increasing importance of non-traditional and vertical funds. This should also include a shifting of focus from programme aid to make all aid more effective. ODAMOZ needs to become more accurate, organised by government budget classifiers, and government needs greater capacity to use it. There should be more open and honest discussions around the Division of Labour initiatives, and government needs to either take a lead, or clearly express that they do not wish these to go ahead.

For **Parliament and civil society**, there are tools and procedures available to increase scrutiny, and many of these are publicly accessible. There is also openness from donors, and a precedent set by AAA, to support capacity creation and information availability to both parliament and civil society, and this can also be made use of.

Finally, it is necessary to look in greater detail at the implicit assumptions behind Paris, and in particular for a more realistic understanding of the highly political context. There is a clear need to widen the awareness of key stakeholders regarding aid effectiveness, and the scope of aid effectiveness initiatives to other donors and other modalities. In particular, the UN

could play a crucial role in supporting the government in finding the right balance between inclusiveness and effectiveness. In a way, much of the gains in terms of aid effectiveness have been achieved by a shift towards more “PD-type” modalities, but as projects continue to be a large proportion of aid, more efforts need to address their effectiveness. There is also a need to discuss the concept of ownership as it is to some extent a pre-requisite for other PD principles – but ownership is not something that can be manufactured. Finally, it should be recognized that five years is an extremely short timeframe for behavioural and attitudinal change, which is what is required for the PD to having an impact on development results.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### NEPAL

## Executive Summary

This Nepal Country Evaluation was being undertaken as part of the Phase 2 Paris Declaration Evaluation (PDE 2). PDE 2 builds on the Phase 1 Evaluation (PDE 1) and country level monitoring surveys. Nepal did not participate in PDE 1 and has only undertaken one monitoring survey. Thus, PDE 2 is of particular relevance to Nepal and its timing is significant given the national context and changing aid environment.

### Purpose and Background

The purpose of the evaluation is to document, analyse and assess the relevance and effectiveness of the Paris Declaration, its contribution to aid effectiveness and ultimately to development results, including poverty reduction.

The evaluation was undertaken by a team of Ministry of Finance (MoF) staff and consultants, supported by a National Reference Group drawn from DPs, Government of Nepal (GoN) officials, and civil society. The approach was based on a common methodology used by all the country evaluations.

### Overall Conclusions

The Paris Declaration and the Accra Agenda for Action are clearly evident in the development partnership in Nepal and there has been moderate progress towards improved aid effectiveness over the last decade despite the constrained context. However, the evaluation finds that specific implementation of the Paris Declaration principles has been weak.

There are some examples of good practice including the work of the Nepal Portfolio Performance Review, sector wide working in education and health, and emerging programme based approaches in other areas. Overall the leadership of MoF is strengthening as is the coordinated support of DPs. However the evaluation confirms the findings of the 2008 Monitoring Survey which identified weakness in the coordination of technical assistance, low levels of aid through government for a significant group of DPs, and slow progress towards greater predictability. The evaluation also found continued fragmentation with many stand-alone projects, vertical fundings, and direct implementation, together with moves away from country PFM and procurement systems due to the perceived increases in corruption.

While several DPs are strongly promoting harmonisation and alignment channelling most of their funding through the GoN, some bilateral DPs are adopting both GoN and direct modalities and some remain reluctant to adopt government systems fully. The need to demonstrate attribution, a reluctance to align internal bureaucratic processes with those of GoN, and inadequate ownership and interest in the development process from Nepal are the main reasons given.

Aid effectiveness is high on the agenda in Nepal and the report identifies areas for further consolidation and improvement based on the evident basis of partnership that exists.

## From the Common Evaluation Questions

### Relevance of Paris Declaration:

- The emphasis on *managing for development results* (MfDR) has contributed to a shift in attention from inputs and process to outcomes and impact.
- The focus on the *leadership of country decision makers* has been particularly relevant at this point in Nepal's development and political transformation. Politicians are expected to take stronger ownership and leadership of the development process.
- The history of fragmented and independent DPs behaviour has been a major handicap to aid effectiveness. However, the *increasing alignment of leading DPs* has built confidence on all sides.
- Since the comprehensive peace agreement in 2006 *expectations have grown*; hopes and aspirations have taken on a new dimension. The risk of disappointment and disenchantment with the political process is a challenge. Country ownership and the alignment of external support are essential to the delivery of the promised transformation.
- *Increasing aid flows without more absorptive capacity has contributed to low impact* – this is the critical impediment to scaling up development and achieving results. Managing implementation with a focus on results requires institutional capacity rather than individual skill.
- The Paris Declaration and the Accra Agenda for Action have built *confidence and assertiveness*. If Nepal is to own and lead its development more is required. Until a fully stable system of governance is in place it is hard for senior civil servants to play their role effectively.

### Implementation of the Paris Declaration Principles:

The principles of country ownership and alignment have been moderately well observed and implemented at macro level and are more strongly within the health and education sectors. Strategic level alignment is stronger than institutional alignment which needs more attention.

MfDR is the principle that is most strongly observed and implemented in Nepal. Results have come to the fore with an appreciation of the targets and goals of development and the importance of impact.

Harmonisation and mutual accountability were most weakly observed and implemented at macro level with mutual accountability being the weakest. This is where the Paris Declaration has yet to break through. However, at sector level the

picture is more positive with evidence of effective harmonisation in education (the stronger) and health.

### The main achievements of the Paris Declaration are:

- the focus on results and the information (clarity over targets and their monitoring) required to ensure and assure the achievement of results;
- the appreciation that Nepal has to plan for reduced aid in the long term; and
- the shift in the definition of aid effectiveness from the relationship of inputs against outputs, to a focus on outcomes and impact.

### The burden of aid management:

Few of the benefits in terms of transaction cost have yet been realised. Applying the Paris Declaration is perceived as an additional requirement, rather than bringing a change in the ways in which aid is designed and managed.

The proportion of aid that is off budget has remained the same (around 25%) throughout the last 10 years though there has been some reduction recently. Support for country systems has also changed little though there has been some reduction due to DP confidence declining.

If the Paris Declaration is implemented fully there could be a decrease in the number of DPs needing to have a country office presence in Nepal and more collaborative use of the expertise that those remaining provide. There would also be a short-medium term increase in the demand for and delivery of institutional capacity building for GoN.

### The added value of the Paris Declaration:

Nepal has been facing major challenges as a result of the conflict and, in some ways, even more profound disruption in the post conflict period. These processes have had far more impact on the aid relationship than the Paris Declaration has which has reinforced earlier developments and confirmed a direction of travel but not yet brought substantial added value. The attitudes and approach of most DPs have been influenced more by their perceptions and reactions to the national context than the wider aid agenda. Indeed Paris and Accra are seen as more relevant by GoN actors than by DPs.

The Paris Declaration has contributed at a deeper psychological level rather than in terms of day to day operations. The confidence and assertiveness discussed above are key indicators of this influence. The Paris Declaration principles echo pre-existing understandings of aid effectiveness and have been applicable during the conflict and the post conflict environment. At the level of ideas and meaning they have challenged and continue to challenge much of the conventional wisdom of development in Nepal.



### Key implications for aid effectiveness in the future:

- Aid effectiveness is not simply about the efficient and effective institutional dynamics of aid management, it relates to the processes through which policy, strategy and service delivery meet the needs of Nepal's citizens. This requires improved institutional capacity, access to information and voice and participation at all levels.
- Confidence in Nepal's procurement and other fiduciary systems can ultimately only be built by those who implement the systems. The challenge is to the accountants, managers and administrators within GoN and DP agencies to ensure that the systems are operated as designed and that inappropriate actions are challenged and addressed.
- Nepal cannot ignore climate change and must consider how it reframes the development paradigm.
- Social diversity has been given prominence as Nepal seeks to reframe its approach to poverty. Similarly, governance and state building take on new meanings in the post conflict environment. All these cross cutting issues need to be integrated into the aid effectiveness discourse.
- The debate around the structure of the state presents particular challenges in terms of aid effectiveness. Aid effectiveness will need to be reconfigured for the 'new' Nepal as it develops into a different 21<sup>st</sup> century state.
- Aid effectiveness in the future will need to engage with and bring into the wider framework neighbouring countries who still provide considerable support and assistance.

## From the Country Specific Evaluation Questions

### Conducive incentives system

The existing DP systems do not provide enough incentives for DP staff to adopt Paris Declaration Principles. Similarly, there are few incentives for DPs to join sector wide programmes. There are no incentives for local communication or consultation around the Paris Declaration though the Accra Agenda for Action gives priority to great civil society engagement.

### Post conflict challenges

With the confusion of post conflict political change, there has been a lack of transparency and openness regarding the scope of what GoN can achieve in the short term. An important reason for not being able to meet the raised expectations is the challenge of improving governance. The absence of local bodies has adversely affected the implementation of development activities at the local level effectively.

The transitional period has seen a multiplicity of groups pursuing different political agendas, and the politicisation of many aspects of development and service delivery that should be the responsibility of central or local level bureaucracy. This has weakened confidence in the nation. Impunity has increased because of the transitional chaos created by this political instability. In addition, the debate over and delays in state restructuring is creating uncertainty.

### The level and perceived impact of corruption

The level of corruption is perceived to be increasing. This has led to reduced cost effectiveness and efficiency, which has impacted on development results. Internal control systems are not operating.

## Key Lessons

### For Aid Effectiveness in Nepal

*The efficiencies and effectiveness developed through taking a programme approach can be replicated in other sectors. The lessons from the sector programmes in education and health are applicable more widely. Shared learning by GoN, DPs, civil society partners and service users and beneficiaries can be of benefit.*

- *A focus on results increases responsiveness. MfDR has changed the way in which programmes are designed and delivered making delivery more responsive to beneficiaries and puts the individual, family and community at the forefront.*
  - *Just by labelling it as a 'Paris Declaration Principle' does not change what is already being practiced. Through the evaluation many people discovered that what had become common and expected practice was in fact the application of the Paris Declaration principles.*
  - *Paris Declaration implementation has enhanced results.*
  - *Paris Declaration principles are valid. Though it is too early to identify plausible contributions that relate to the Paris Declaration.*
  - *The Paris Declaration is not being adopted because of perverse incentives within Nepal and DP systems.*
  - *The services that were maintained during the conflict and post conflict period are those where local participation, local management and local delivery were in place and effective.*
- ### For other countries – fragile states/post conflict states
- *The Paris Declaration is relevant and practical even where considerable fragilities are present.*
  - *Good practice in aid effectiveness and aid management is relevant in all situations – the context only changes the way in which the principles are applied.*

## Key Recommendations

### Awareness of Aid Effectiveness

1. Voice and participation, at all local levels are required to build an effective democratic state. GoN needs to ensure a structure and framework to support these processes. The formal and informal spaces for dialogue around aid effectiveness should include GoN, DPs and civil society representation to broaden and deepen the discourse in line with the Accra Agenda for Action.
2. MoF should take the lead in the wider dissemination about and promotion of aid effectiveness (including the Paris Declaration principles) to parliamentarians/politicians, bureaucrats in sectors/line ministries, officials at district level and amongst the wider public in collaboration with civil society actors.
3. DPs should ensure greater awareness of aid effectiveness at all levels (headquarters and country offices) reviewing their staff development processes to strengthen understanding and implementation.
4. GoN and DPs should link their respective performance evaluation systems with implementation of aid effectiveness and include incentives for their staff to adopt Paris Declaration principles.

### Aid Effectiveness Action Plan

5. MoF should ensure that the Foreign Aid Policy is revised and updated and approved as a matter of priority taking the findings of PDE II into account.
6. MoF should restructure FACD with sufficient resources to play its role effectively and proactively promoting and monitoring aid effectiveness throughout GoN and implementing effective aid management systems including sound information base.
7. The Draft National Action Plan on Aid Effectiveness should be reviewed by FACD in consultation with DPs and revised with more specific outputs and indicators based on the lessons in the PDE II report with a three year timetable for joint implementation.

### Promotion of Harmonisation and Alignment at Sector Level

8. GoN and DPs should work together to introduce more sector wide approaches building on the experience in

health and education with a joint commitment to focus on at least one sector a year for the next three years.

9. GoN should encourage and capacitate ministries to prepare sector programmes rather than specific projects.
10. MoF and NPC should develop proposals for gradually phasing out the project mode of implementation and increasing the proportion of aid that is channelled through the budget in support of GoN programmes.

### Paris Declaration at the Local Level

11. Efforts towards an all party consensus to conduct local elections should be intensified. Meanwhile GoN in consultation with other political parties should come up with a more accountable mechanism for the operation of local bodies until local elections are held. This is a basic for promotion of PD awareness and implementation plan at the local level.

### Fiduciary Risk, Corruption and Procurement

12. DPs should appreciate the financial management and procurement systems reforms that are being carried out despite the adverse effect of political transition and support GoN systems wherever possible, and not bypass them in ways that will further weaken them.
13. DPs should support the further strengthening of GoN financial and procurement mechanisms with appropriate monitoring to track improvements in operation.
14. GoN should set a framework to further improve fiduciary and procurement systems building on the PEFA, the Procurement Guidelines and other relevant initiatives.
15. DPs and GoN should develop a joint approach to transparency with respect to corruption. GoN should enforce existing laws and reduce irregularity. DPs should continue to raise their voice in response to specific malpractices within the spirit of mutual accountability.
16. GoN should ensure that public officials and institutions are more aware of the Right to Information (RTI) and require them to implement RTI provisions. The role of civil society actors in awareness raising should be supported.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### THE PHILIPPINES

## Executive Summary

The second-phase evaluation of the Paris Declaration on Aid Effectiveness investigates issues and themes bearing on three core questions. The first is on the factors affecting the relevance of the Paris Declaration principles of ownership, alignment, harmonisation, managing for results, and mutual accountability. The second, which is on development processes and intermediate outcomes, attempts to determine the effects of the Paris Declaration on delivery and management of official development assistance or foreign aid. The third opens up an investigation of the contributions of aid to development outcomes, using the health sector and rural development as case studies.

To obtain insights into the core questions, the team relied on evidence obtained from varying sources, including, secondary sources of data, particularly, official socio-economic statistics; focused group interviews and findings from specialized surveys about use of official development assistance. The findings from a 2005 survey provided baseline data.

In relation to Core Question 1, the recent growth experience of the Philippines shows a respectable trend. However, a significant proportion of individuals and families continue to face economic difficulties. Unemployment and poverty incidence remain high. In this regard, the Government of the Philippines continues to tap grant-funded technical assistance largely for capacity building, and loan-funded capital assistance for major infrastructure projects.

Regarding Core Question 2, the Philippines scores high on ownership. Long before the Paris Declaration was adopted in

2005, both the government and its development partners in the donor community have adopted the Medium-Term Philippine Development Plan in formulating country partnership strategies. After 2005, both parties agreed to adhere to the Paris Declaration principles as basic guide for the conduct of aid-funded programs and projects. The government, however, needs to further broaden and intensify dialogue with Congress and civil society organisations to achieve a more meaningful country ownership.

Much progress has also been achieved in adopting country systems, particularly, in government procurement and some aspects of public financial management. The government, however, still needs to show improvements in budget execution and reporting, and combating corruption. Furthermore, current initiatives toward operationalizing an integrated results management system should be sustained.

Meanwhile, some bilateral donors must endeavor to deliver on their commitment to the untying of aid and reducing parallel implementation units.

The institutional arrangement under the Philippine Development Forum has been an effective forum for aid coordination, implementation, monitoring and evaluation. It should be held regularly and without fail as agreed upon by the government with its development partners, including civil society organisations.

On Core Question 3, the emerging body of evidence from the two case studies, namely, health and rural development sug-

gests great potentials from enhancing the effectiveness of aid in the two sectors. In health, serious efforts to organise assistance around the government's health sector reform agenda is yielding results, particularly for the health-related targets embodied in the Millennium Development Goals. But there's a lot of room to improve performance in meeting target for the maternal mortality ratio.

In rural development, fragmentation of aid has been reduced in the aftermath of the Paris Declaration, which inspired joint work among various donors in capacity building for the various implementing agencies involved in rural development. It has also led to a shared rural development strategy between government agencies and donor partners. Early donor initiatives in the implementation of the National Program Support strategy, however, were not without friction as some staffs

of implementing agencies, particularly at field levels, experienced difficulty in complying with new systems and measures in, for instance, financial management. This suggests the need for more intensive capacity building and PD dissemination efforts at field and local government levels. Meanwhile, harmonisation efforts among development partners are progressing well, particularly, in the area of managing of development results.

Overall, the Paris Declaration has contributed positively to aid effectiveness. The process, however, is by no means complete at this time. But insofar as the government and the donor community continue to be mindful of the Paris Declaration principles in their continuing programming dialogues at various levels, the prospects for realizing desired development outcomes are very bright.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### SAMOA

## Executive Summary

### Purpose and background

The 2005 Paris Declaration on Aid Effectiveness aims to strengthen partnerships between donors and countries receiving aid in order to make aid more effective with the aim of maximising development results. It provides guidance for improvements in the delivery of aid through five principles – ownership, alignment, harmonisation, managing for results and mutual accountability.

The requirement for an independent evaluation was built into the original Paris Declaration evaluation framework. The first phase of the evaluation focused on inputs and early outputs. Its findings contributed to discussion at the 3<sup>rd</sup> High Level Forum on Aid Effectiveness held in Accra, Ghana in September 2008. The first phase evaluation found that while some progress had been made there was still much to be done to improve the effectiveness of aid. The Forum affirmed the Declaration and produced the Accra Agenda for Action priorities, designed to enhance and support the PD principles – country ownership is key, building more effective and inclusive partnerships and achieving development results.

The second phase of the evaluation focuses on outcomes and results. Its findings will feed into discussion at the 4<sup>th</sup> High Level Forum in Korea in 2011. Samoa has volunteered to be one of the approximately 22 countries who are conducting country specific evaluations. The country studies will feed into the global evaluation along with a series of donor and other studies. This report details the findings of the study carried out in Samoa during the period May to December 2010.

### Overall conclusions

While Samoa did not formally endorse the Paris Declaration until 2008, it has helped legitimise, and provide an impetus for the government's own reform agenda that was commenced in the early 1990s. The implementation in Samoa has been relatively low key. A few donors (primarily Australia, New Zealand, the European Union and the United Nations Development Program) began to use the language of the Paris Declaration in discussions with the government and encouraged the implementation of the Paris Declaration principles in 2005/2006. Each of these agencies had introduced the Paris Declaration to their staff, encouraging its application in the field. Some showed a strong commitment to the changes needed in skills, culture, structure, systems and processes within their own agencies to implement the principles. Others appear to have been less committed.

Outside of Government of Samoa, agencies and institutions directly involved with management of development assistance in the government, awareness of the Paris Declaration and Accra Agenda for Action is developing.

Parliamentarians are becoming more aware of the Declaration and its impact on aid coordination and how the principles could lead to improved aid effectiveness. Further work is required to improve awareness in the public sector, particularly with Ministers and senior officials.

Similarly, awareness is still developing within civil society and the private sector. The Samoa Umbrella Organisation of Non-

Government Organisations is now using the principles in discussions with government and beginning to raise awareness at the community level, but it will be some time before the principles are well understood. This is not unexpected given that the major focus so far has been primarily on the relationship between donors and the government.

The Paris Declaration has provided a useful tool to the government and its donor partners to shape aid effectiveness discussions particularly around managing for results and mutual accountability. In past years discussions have tended to focus primarily on process issues such as country ownership, alignment and harmonisation with inadequate attention paid to effective aid delivery to support the achievement of clearly articulated development outcomes or impacts.

Some donors, who are signatories, have neither advocated its implementation nor sought to change their aid delivery modalities. The Government of Samoa has responded pragmatically, dealing with each donor based on each donor's preferred way of operating but without compromising on key issues of national ownership and alignment with government development strategies.

Another significant contribution is the development of a common vision and common language for change. While there remains a variety of interpretations of meaning around some of the terms (in the main), donors and the Government of Samoa share a clear picture of the future direction of aid.

This common language is also important to the regional aid agenda. The Paris Declaration has been used as a tool to develop regional responses to aid effectiveness (e.g. Pacific Principles and the Cairns Compact). This meant that the regional discussions started from a common and consistent basis. It is most likely that this resulted in far better outcomes than would have been the case if the regional discussions had started from a zero base.

### Ownership

Ownership of its own development strategies and outcomes is a paramount principle for the Government of Samoa. Samoa has always aimed to lead and manage the use of development assistance to achieve its own national plans. The Paris Declaration provided Samoa with a tool to enhance and strengthen its ownership agenda; it also provided the more innovative donors with the opportunity to encourage (and push further) progress on ownership in Samoa with the government and with other development partners. Consequently, the degree of acceptance by donors of Samoa's ownership of its development agenda has improved considerably under the influence of the Declaration.

There is a national development strategy. There is a Medium-Term Expenditure Framework and there are sectoral plans and associated programs in nine of the fifteen sectors. There is an Aid Coordination Policy that clearly articulates the govern-

ment's role in aid coordination and also provides the basis for mutual accountability and management for results. In the main, that role is accepted by donors. However, government ownership is not always fully embraced by some global and regional agencies that choose to implement their programs outside of the government's coordination mechanisms. Government processes for the design; implementation and monitoring of development programs are increasingly targeting participation and consultations with civil society.

### Alignment

Some progress has been made against the principle of alignment. Aid is, in the main, aligned with Samoa's Strategy for the Development of Samoa which is supported by a Medium-Term Expenditure Framework and an annual budgeting process that links the strategy to sector programs. While Samoa's stated long term aim is that all development funds are provided as budget support, there have been some trade-offs in relation to the use of government systems. A 2006 Public Expenditure Framework Assessment resulted in a program of capacity building and improvements to the finance system and the 2010 follow-up assessment found good progress had been made. However, there is still a need to make improvements. This is being addressed under Phase 2 of the Public Finance Management Reform plan.

The government's procurement processes were redeveloped in 2005 with support from the World Bank, but the degree of confidence of some donors, particularly the multilateral banks, in the government process is still low. To progress the alignment principle, the government has invited the banks to conduct a joint review of the government's systems. The invitation has been outstanding for some time.

Donors are also making trade-offs. While they, in the main, acknowledge the principle of alignment, they have varying expectations about the degree of rigour required of the Samoan systems and the level of risk they are prepared to carry. This is determined by their country or managing board policies and expectations. It is also determined by the judgments and values of individuals within donor agencies working with Samoa.

The Government of Samoa takes a pragmatic approach to the issue of use of its systems. It acknowledges that there is still work to be done to ensure that all donors (particularly the multilateral development banks) are prepared to place their trust in government systems, particularly procurement. It also acknowledges that donors do have the right and the responsibility to ensure that the funds they provide are used properly. The government sees the Paris Declaration's commitment to alignment as an opportunity to focus on its own development, acknowledging that its systems, while adequate, will continue to improve with ongoing scrutiny and capacity building support.

### Harmonisation

Samoa has adopted the term "coordinating development partner". Each sector wide approach program has a coordinating



development partner. However, at this stage not all donors fall under sector programs. Consequently, the coordination role for the total sector falls to the government and several strategies are used to ensure that donor support is harmonised. In those cases where government procurement systems are not yet acceptable to the donors, and where there is a pooled financing arrangement involving several donors including a multilateral financing institution, one donor system, usually that of the multilateral agency, is used for all procurement. These processes need to be reviewed carefully as there have been considerable problems with the use of the multilateral agency's procurement systems.

The Government of Samoa aims to ensure joint missions through a mission calendar. Donors also discuss possibilities with each other, particularly in sectors. It is noted, however, that some donors, even those involved in pooled financing arrangements of sector programs still persist in conducting their own missions.

Within donors there is also some evidence of lack of internal harmonisation. Australia, for example, often fields missions from government agencies who play a role in Samoa through its 'whole of government' approach to development. These missions in the past have often been conducted without an awareness of the Australian Agency for International Development; however, moves are underway to better coordination. Similarly, the United Nations agencies do not always coordinate even when synergies are evident. Work is underway to create a more cohesive framework for engagement with the government.

Regional programs, rarely link with bilateral or multilateral agencies when carrying out analytical work, missions or monitoring and evaluation. This is an area that requires far greater attention.

### Managing for results

While initial attention was primarily paid to the first three principles, donors and the Government of Samoa have turned their attention to managing for results (and mutual accountability). While the government is working towards a national results framework with clearly defined and achievable performance indicators, there is still work to be done to ensure the framework is in place and implemented. Barriers include the need to establish baselines and data collection methods that can be carried out with the limited resources of the government.

At the sectoral level the European Union is leading the way with its budget support to the water sector. The support is contingent on a strong and demonstrated commitment to managing for results.

### Mutual accountability

While some work has been underway to build mechanisms for mutual accountability into partnership agreements and

program plans, this is a principle that requires further attention. The level of oversight provided by Parliament is reasonable but still developing. This understanding has been enhanced through a recent workshop on the Paris Declaration as well as the Aid Policy which sets out government's views on the way that development aid funding should preferably be managed and proposes institutional mechanisms for a dialogue on strengthening aid effectiveness. In addition, the common policy matrix and implementation schedule is also being used by donors to trigger release of funds through budget support.

Government is encouraging the participation of a broader range of stakeholders, including the private sector and civil society, in national and sectoral planning and monitoring processes but there is still some way to go before these groups have an impact on development decisions. Capacity building, improved communications and management processes are therefore key focus areas to support the various non-governmental stakeholders in their dialogue with donors and the government on specific programs to meet their needs.

### Conflicts and trade-offs

While there are no overt conflicts in the implementation of the Paris Declaration principles (there is possibly some passive resistance), the rate and degree of change is being impacted by the pace at which the public financial management reforms are taking place and the degree of commitment of donors, to the implementation of the principles.

There does appear to be trade-offs in the way some donors are approaching the principles, with a few opting to use government systems, particularly procurement systems, where these do not require major changes to their own processes. The Government of Samoa also compromises, taking a pragmatic approach to each donor's requirements, while seeking to move donors towards the full implementation of the Paris Declaration and Accra Agenda for Action.

## Key lessons

Key lessons that emerge from this evaluation are as follows:

1. Common principles and a common language support change. For Samoa the Paris Declaration and Accra Agenda for Action provided the support and the impetus to continue changing the way its development was being managed and delivered. While donors were the first to use the language of the Paris Declaration, and in some cases used the Paris Declaration to push for a fast pace of change as in the health and water sectors, the government has continued to respond to the process and taken the initiative to introduce the changes within its systems. The Paris Declaration has given all of the development stakeholders a common understanding of the direction of the change – it effectively provided the common vision needed for success.

2. Not everyone will adopt change even when it is being undertaken on a global basis. Some donors and agencies who are signatories to the Paris Declaration have not yet implemented the changes needed to genuinely support its implementation. Time and continuing encouragement is needed to drive the major policy and organisational changes that are needed.
3. If there is commitment, change can occur, driven by innovative and flexible individual personnel even when the policies and procedures of a donor agency appears inflexible. Conversely, inflexible individuals can create unnecessary barriers. For the Paris Declaration to be effective, donor agencies must ensure that their own staff are well educated in the changes required, and empower their staff to implement the change. Similarly, governments need to ensure that all stakeholders (Parliament, the public and private sector and civil society) are well informed and empowered to participate in the change agenda.
4. It is not only country partners that need to change their systems and processes to respond to the changing aid delivery environment. Donors also need to review their administration systems, particularly their financial management systems, as several of these are now beginning to impede the progress of funding arrangements.
5. There is a need to further embed the application of the principles at sector level. This will facilitate the linking up of country processes to those at sector and corporate levels, as well as supporting the connection between policies and financing to processes.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### SENEGAL

## Executive Summary

Phase 2 of the Paris Declaration Evaluation is an integral part of the original Declaration signed by the international community during the 2<sup>nd</sup> High Level Forum held in Paris, in 2005. Reflecting a broad international consensus developed in the 1990s, the Paris Declaration aims to improve partnerships and operating modes between donor countries, international organisations and partner countries with a view to increasing aid effectiveness and achieving development results. The Declaration, which sets forth specific target objectives for 2010, includes a dozen indicators for honouring 56 commitments revolving around five key principles: 1) appropriation of development by partner countries, ii) alignment of donor support on the national development strategies of partner countries, iii) harmonisation of donor actions, iv) results-based management, v) and mutual accountability.

Phase 2 of the evaluation undertaken on the occasion of the 3<sup>rd</sup> High Level Forum held in Accra, Ghana, in 2008, will continue until the 4<sup>th</sup> High Level Forum to be held in Korea, in 2011. This meeting will be an opportunity to present a synthesis of the evaluations simultaneously conducted in 21 partner countries, including Senegal, and seven donor country development agencies. Phase 1 of the evaluation sought 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.) honoured the commitments made within the framework of the Declaration. This time, the objective consists in presenting the achievements and results accomplished. To this end, three key questions were posed with respect to: i) the relevance of the implementation of the Paris Declaration; ii)

improvement in aid effectiveness; and iii) the achievement of sustainable development results.

The implementation of the Paris Declaration is still relevant in Senegal. Indeed, after seeing relatively stable growth until 2005, Senegal experienced major energy, food and financial crises, which led to a considerable loss of production, a diminished pace toward reducing poverty, and deteriorating governance, corruption and human development indicators. The risks continue, especially in light of the upcoming 2012 presidential elections, as economic policy changes may fall prey to political opportunism, which could further tarnish the country's development prospects. Since 2006, the context in Senegal has been such that leaders have been focusing on priorities other than those stipulated by the Paris Declaration agenda. However, the effectiveness of aid and the achievement of sustainable development results are fundamental targets, especially since Public Development Aid still accounts for close to half of the country's investment budget and about 10 % of the State budget.

The parties involved still agree on the soundness of the Paris Declaration. However, the slow pace of reforms and changes, at both government and TFP levels, presents certain risks, including a loss of momentum or interest on the players' part to continue implementing the Paris Declaration. This is especially the case with the competition at play between classic partners and "non-traditional" partners, i.e. donor countries which are not signatories of the Declaration, such as China or Iran. This competition may also be at play in the various aid delivery modes which may be considered more effective, be

it programs funded by General Funds or the introduction of new programs such as the “cash transfers” encouraged by the World Bank and UNICEF. It is therefore important to reaffirm the principles of the Paris Declaration and its underlying aid effectiveness notion.

Indeed, implementing the principles of the Paris Declaration should encourage the partner countries to: i) exert greater control over their development processes (appropriation and alignment), ii) enter into better partnerships with donors (harmonisation); and iii) improve public accountability. These are three process results that would provide cost savings and increase developing countries’ capacities to implement development policies targeting sustainable results.

To date, the strengthening of reforms and implementation actions have led to a number of significant advances in appropriation and partnership terms, and many efforts have also been undertaken to improve public accountability. Certain elements show that the principles advanced by the Paris Declaration foster the achievement of development results. For example:

- A basis of consensus to rally over 60 development agencies in Senegal; indeed, these donors agree on the relevance of the Paris Declaration to improve aid effectiveness and agree on its importance when it comes to delivering results.
- Greater appropriation and better alignment of national development policies in Senegal.
- The notion shared by all development partners that donor support should be consistent with Senegal’s national development strategies.
- More openness on the part of TFPs to reconcile, share tasks and specialise in areas which they know best. To wit: examples of delegated cooperation, though there are still too few.
- Results-based management practices which are increasingly recognised and practiced by parties involved in development.
- Coordinated sectoral support over an extended period of time (initiated before 2005 but encouraged by the Paris Declaration), which has made possible significant strides toward sectoral results by helping to offset the negative effects of institutional instability in the responsible ministry/ies and by contributing to stabilise sectoral program coordination efforts.

The work carried out to honour the commitments of the Paris Declaration have thus clearly produced added cooperation value by: supporting reforms undertaken by the government before 2005; offering a general guide of good conduct in

cooperation development; structuring the dialogue between the parties involved; fostering Senegal’s development vision; reducing inadequate development practices or promoting transparent transactional modes which must produce results for Parliament and the public.

Nonetheless, much remains to be done given that the aid implementation system is part of a national framework of policies, still too diverse and inadequately structured and penalised by a political will that is often railroaded by ministerial reorganisations and the introduction of a double-entry aid management system: one for classic donors and one for non-traditional donors. Much remains to be done to solidify the development policies and organise the aid management system.

The financial and public finance management crises have also eroded the confidence of TFPs in Senegal’s government systems. They are currently questioning their alignment strategy, and the risk of backtracking from this commitment remains, as the one observed in the 2007 Investigation of the use of public finance management systems. Donors make little use of program support and budgetary support compared to other countries. In fact, their governments, out of concern for public opinion, are increasingly questioning this form of support and are raising their public accountability requirements. As they must still contend with their head office’s disparate directives, policies and agendas, the TFPs will have to agree on a code of good harmonisation conduct and consider a Joint Aid Strategy in order to go forward and forestall the current disengagement and backtracking.

It should be underscored that since 2005, development players have undertaken to improve public accountability in a context of regressive public finance management transparency and corruption control. This, despite the pursuit of many governance reforms and the creation of new institutions aimed at promoting good governance. The fight against corruption must be a priority for the partners, who indirectly supported good governance reforms and programs without more specificity.

One of the findings at the end of Phase 1 of the Paris Declaration Evaluation was still relevant in 2010: the particularly slow pace of changes. In 2007, the delays in process changes provided no benefits in terms of a management system that was less costly in time and resources or in terms of more effective aid. In 2010, the cost savings were considered far less than expected due to the program support or budgetary support management system, which remained weak on all aid flows, but which required as much monitoring, resource and consulting time for the TFPs and the government.

The evaluation of investments in the Health sector and the Water and Sanitation sector, the two sectors provided as a case study, showed: 1) that coordinated TFP support over an extended period of time with close monitoring modes and

a joint sectoral performance analysis framework are decisive in obtaining or maintaining development results; and 2) the importance of strengthening capacities as part of the development programs. This is especially the case since donors transformed their aid delivery modes for program and budgetary support by aligning their aid on national systems (for budget execution, financial monitoring and reporting, or audits). The new aid delivery modes require that both TFPs and the government increase their capacity to manage the program support given the greater monitoring responsibility incumbent on the Senegalese Government or aid agency employees.

The major challenge remaining is to increase Senegal's capacity to implement development policies and to ensure that the parties involved remain committed to implementing the Paris Declaration. There is no question that political will is necessary to successfully pursue the Declaration's agenda. The government will have to bring its National Foreign Aid Policy to fruition and develop the various dimensions of the Paris Declaration with the technical support of the national branches and the centralised national information system on aid flows (the Aid Flow Management Platform).

The TFPs will have to make their cooperation modes more effective so they can better agree with each other on the development actions they will pursue within the framework of a Joint Aid Strategy, as well as with the government on priorities they wish to pursue. They will have to focus more on the need for capacity strengthening and to better exert their influence with a view to encouraging major reforms. There is some evidence of the positive influence TFPs can exert when taking a common position, as a group behind a strong leader, as shown by the successful adoption of the new public markets code.

Most international donors and agencies have decentralised the organisation of their work without necessarily putting into effect the delegation of power (which should go hand-in-hand with this), thereby increasing constraints related to field personnel work. Sectoral specialisation has also had the unexpected effect of limiting the flexibility and power of some TFPs to intervene, according to the implementation needs of the Paris Declaration, in key governance sectors or to support the programs of NGOs involved in implementing or monitoring the Poverty Reduction Strategy Paper. (The TFPs would benefit from drawing from a code of good conduct, as the European Union has already done.)

Some TFPs underscore the importance of re-establishing the fundamentals of the Paris Declaration in order to keep the partners from disengaging and to move forward on harmonisation and aid effectiveness efforts. Already, some elements are showing reluctance to adopt new aid approaches in the form of budgetary support. Other donors have noted delays in executing budgets within the framework of program approaches, as compared to results obtained through project approaches.

As for the imperative of improving aid effectiveness, other ideas may be necessary if the parties involved fail to quickly realise their intentions: returning to the project approach, for example, or adopting the "cash transfer" approach recently advanced with a view to more quickly achieving the Millennium Development Goals, to the detriment of the alignment and new aid architecture principles, constructed with such effort over the past few years. Moreover, media coverage regarding budgetary support could eclipse other aspects of the Paris Declaration. Indeed, the population and even seasoned observers can easily reduce the Declaration to a budgetary support tool and its controversial use. It is important to rectify public misunderstandings about the Paris Declaration and to further promote its positive aspects, such as appropriation, public accountability and mutual responsibility.

Indeed, the apparent effectiveness of "cash transfer" programs, programs financed by Vertical Funds, and programs financed by TFPs without too many conditions, requires that we refer to the notion of aid effectiveness as defined by the Paris Declaration. Indeed, it encapsulates a far broader definition than that of results effectiveness or disbursement effectiveness if one considers Senegal's need to control its development and to implement its own sustainable development programs in a responsible manner that is respectful of its citizens and in keeping with democratic values.

The evaluation led to the following general and specific recommendations:

## General recommendations

- R1. Reaffirm the support of the parties involved in developing the implementation of the Paris Declaration and international commitments.
- R2. Better disseminate information on the Paris Declaration, its dimensions and its implications in developing countries and donor countries.

## Specific recommendations for partner countries

- R3. Simplify the political coordination of the Paris Declaration, and clarify and strengthen the roles of structures directly involved in implementing it, especially technical ministries and national branches.
- R4. Clarify and strengthen the roles of civil society, parliamentarians, women's groups, labour and management unions, and local groups by giving them a specific role and specific missions in implementing the Paris Declaration, as well as financial support.
- R5. Strengthen the national information system on foreign aid flows by deploying the Aid Flow Management Platform and

opening it to those involved (TFPs, NGOs and government players).

### **Specific recommendations for TFPs**

R6. Favour flexibility within the framework of the process to transform aid delivery modes into program-based approaches, especially budgetary support approaches.

R7. Deepen the collaboration between TFPs to work on delegation and common pool funding practices.

R8. Increase the harmonisation of efforts aimed at strengthening technical capacities and proposing sectoral capacity strengthening programs.

R9. Increase joint action and coordination efforts in order to better establish priorities for honouring commitments under the Accra Agenda for Action to Fight Corruption.



# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### SOUTH AFRICA

## Executive Summary

### Introduction

This Second Phase evaluation of the South African experiences with implementing the Paris Declaration and the Accra Agenda for Action aims to emphasise the national approach to aid, and its impacts, effects and implications in a middle income country that has a strategic role in the SADC region and on the African continent. South Africa is also engaging in multiple forums which advocate a change in 'international systems for governance.' The evaluation concentrates firstly on the mandatory health sector, where conditions in public health are aimed at addressing massive, inherited backlogs in services and facilities, and where the prevalence of HIV/AIDS is one of the highest in the world. It is complemented by a provincial case study from KwaZulu Natal (KNZ). The second sector covers the interrelated and cross-sectoral issues in development partner support for climate change (across the traditional environment, energy and water sectors and the newly emerging climate change sector). As a signatory to the Kyoto Protocol and the United Nations Framework Convention on Climate Change, South Africa has been influential in representing developing countries in international negotiations, but is also the largest emitter of green house gases on the continent, and one of the world's most carbon intensive economies.

Within South Africa, the National Treasury and its International Development Cooperation Directorate take the major decisions on aid and its management. South Africa has long had strong principles and frameworks ensuring country ownership, established well before the advent of the Paris Declaration, and has a well developed and regularly updated Policy

Framework and Operational Guidelines for ODA Management, and is implementing an Aid Effectiveness Action Plan.

### Findings and conclusions

#### Background

The country context is marked by a strong history of post independence national development planning and strategy development, where it has preferred to determine and have control over its own growth path and development trajectories. The policy commitment throughout four main eras of national planning has been one of 'continuity of change', building on development successes, taking stock of ongoing challenges and developing strategic responses. In effect the country has moved from the initial post independence redistribution imperative, through a neo-liberal phase and now trends towards an indigenous version of a social democratic developmental state.

Since the 2009 election a new structure for national government has been implemented, centred on four inter-connected areas of policy-development, planning, effective implementation and continuous monitoring and evaluation. The country has established 12 priority outcomes derived from a medium term strategic framework. Policy, budgeting and implementation is managed within the framework of the rolling three year Medium-Term Expenditure Framework. Policies, strategies and development plans at the sub-national, decentralised levels give guidance on the countries development priorities.

Given numerous policy challenges, there have unfortunately been some less than optimal delivery performances. Inceas-

ingly this is being recognised by leaders in government. Civil perspectives on 'governance' have varied. There have been recent improvements in confidence and the reversal of a trend of declining confidence in public institutions.

Positive socio-economic trends are seen in the achievement of macro-economic stability and fiscal robustness, a real GDP of ZAR 1,251 billion (US\$ 144 billion) in 2009 with real per capita GDP increasing 20% between 1994 and 2009 to ZAR 26,695 (US\$ 3,075). The recession slowed growth to -1.9% in 2009 but recovery is imminent with GDP per capita growth of 3.6% expected in 2012.

In 2010 the country ranked first of 94 countries in an independent open public budget analyst's annual survey. It has managed to extend its social security net progressively to 14 million of the poor. However, despite good macro economic performance, there has been rising social dissatisfaction and unrest, continued deep poverty and high inequality. The GINI coefficient has widened to 0.66, one of the highest in the world. Despite its status as a middle income country, many of the socio-economic indicators are close to countries characterized as low income.

In contrast to many other African countries, Official Development Assistance (ODA) or 'aid' has played a special role in South Africa. The evaluation begins with tracing the five phases of the national experience, beginning with an early 'pre-independence' phase from 1980 to 1990. The fifth and current phase, from around 2006-2008, has been marked by four distinct, overlapping trends, in a) the 'regionalisation' of traditional development partner support and some changes in established focal areas towards 'global public goods'; b) in the adoption of more trilateral and 'triangular' cooperation relationships in Africa; c) in the growth in the design and development of strong South-South relationships in development assistance, and d) in the consolidation and expansion of South Africa's own role as a development partner in Africa and elsewhere via the precursor to it's soon to be constituted South African Development Partner Agency.

Almost throughout, South Africa has been and remains a paradoxical recipient of aid, as a confident, relatively resource rich country. Proportionally aid constitutes far less than 1% of the budget, but in value terms it is significant. It is not primarily used as an additional source of finance. Its value has been in terms of leveraging own resources more effectively and in its implications for the transfer of knowledge, best practices, leveraging upstream policy change and in embedding innovative approaches. Its value also lies in leveraging strategic partnerships within modes of trilateral and 'triangular' development cooperation for a growing programme of global and African priorities to which the country is committed.

Over thirty traditional development partners, signatories to the PD, work in South Africa while the country now hosts a range of 'non-traditional' development partners from the 'east'

and 'south', not all of whom are signatories to the Declaration. Total ODA committed was about \$8 billion over the period 2000-2008 of which about \$6.2 billion (77% of committed) was actually disbursed. Top development partners by gross ODA disbursed are the United States, the European Commission, the United Kingdom, Germany, France, the Global Fund, Netherlands, Ireland, Denmark and the Global Environment Facility. Most ODA (63%) flowed through the public sector, 10% went through NGOs and Civil Society, the balance between the Multilateral Organisations and a Public Private Partnership channel. Annually over US\$ 700 million in aid is officially disbursed by development partners to public, private and non government organisations in the health sector. By 2009, up to US\$ 2 billion was annually available or disbursed into the interrelated climate change sectors in the forms of grants, and predominantly loans. South Africa also has significant own resources of development finance, leveraged and managed through the Development Bank of South Africa (ZAR 8.25 billion in 2010) and the Industrial Development Corporation's Agency Development Support Unit (ZAR 30 million annually), both active regionally.

Interestingly, social giving by South Africans alone, to people in poverty and for development far surpasses the annual value of aid for the health sector by a factor of 10.

South Africa is now taking a stronger role in development affairs and forums globally, and has committed to a wide range of compacts, including those in support of South-South relationships. Its geo-political and strategic position globally and in Africa, coupled with it's proximity to major global concerns have strong implications for the overall aid environment. Regionalisation of aid agencies is occurring rapidly, with South Africa generally a focal country, and within a range of new trilateral modes of cooperation, where traditional development partner to recipient relationships are being replaced by equal partner roles and responsibilities.

In its growing membership of Asian and African forums for development, South Africa takes a lead in promoting country ownership. In 2010 it hosted, in conjunction with the European Union and the New Partnership for African Development, the Africa Regional Meeting on Aid Effectiveness.

There is strong, ongoing application of country ownership principles, where South Africa continually seeks to maintain its independence from development partners, and where recent restructuring around sector priorities in order to better 'deliver' aid has occurred. South Africa does not have a formal agreement for the implementation of the PD, but has an AID Effectiveness Action Plan.

Alignment can create tensions in the 'multilaterals' efforts to commit to global compacts and agreements while also committing to country priorities and strategies which are not necessarily fully aligned. Differences occur concerning priorities and how these should be met and by whom. For some of the

'bilaterals', alignment is only as good as the benefits accruing to 'own interests' in the application of the specific instruments used to achieve this principle, and there are country views that the differences in the expectations of the respective parties regarding the use of conditional loans and concessional grants coupled with grant finance, can lead to tensions. Nevertheless, there is growing progress with alignment against the PD indicators, and increasing use of sector budget support instruments (this is however qualified in the study), with one 'sticking point' being Indicator 5a), the use of country public financial management systems. The recent 2011 adoption of the 'second level' and sectoral Aid Effectiveness Framework for Health further promotes these first two principles, as well as harmonisation.

Here there have been some impressive achievements in the water sector. In health there is harmonisation mainly as a result of the efforts of the European Commission's EU+ Working Group (including global funds such as PEPFAR and USAID). In the climate change sector, 2008 efforts to harmonise partners initiated a strong donor mapping exercise to assess where 'everybody was at' and what was their relationship to government priorities and actions. This fell away due to staff transfers out of the country, highlighting issues in institutional memory. Further harmonisation is taking place here and is likely to be formalised into an EU working Group during 2011.

Turning to the provincial case study, and to development outcomes, we found a range of sometimes contradictory outcomes. There are instances where both voluntary sector and government initiatives targeting the poorest have been strengthened, but also instances where the delivery of a better and wider range of services to support the achievement of the Millennium Development Goals have been neglected, and where a dependency syndrome may have been created through the inadvertent targeting of a limited part of the HIV/AIDS communities. In the climate change sector overall there is evidence of some differences over what constitutes policy coherence, and also confusion over the optimal institutional location and associated arrangements for a more focused and better targeted set of interrelated investments to address both mitigation and adaptation challenges. These are both very substantial and highly significant in light of the country hosting the 2011 UNFCCC Conference of Parties (COP 17).

### Overall conclusions

As a middle income country the relevance and effectiveness of the PD principles could be strengthened by the crafting of a multiparty agreement or 'charter' containing platforms and arrangements similar to those in the Windhoek Declaration and Indonesia's Jakarta Commitment. Of the PD principles – effective country ownership, along with good alignment and harmonisation can make the strongest contribution to aid effectiveness and development results, but can be constrained by different and competing interests. There is wide variance evidenced in the sectors regarding the significance and sustainability of aid via the principles, but the overall view

of the team is that these investments have been extensive and significant, in relation to the needs and demands of a middle income country like South Africa. Significant potential exists in improving aid effectiveness due to unfilled demand, in growing regional collaboration and in assisting countries to meet their growing suite of international agreements. In health, aid application could be widened to better meet the health MDG's. In climate change the potential lies in supporting appropriate institutional alignment for implementation, attaining policy coherence and cohesion over time, and in implementation. Aid effectiveness is thus a matter of better targeting of structural anomalies, gaps and omissions in cross-sectoral progression.

### Key lessons (on common questions)

In the health sector, post 2008, strategic interaction among development partners, foundations, global funds and government has promoted and supported effective new policies and programmes. New partnerships are emerging, along with the Aid Effectiveness Framework, aligned to a National Service Delivery Agreement. While there are some limits evidenced both nationally and in the KZN case study, the progression is an important achievement across a complex sector. There will continue to be much learning, especially around the role of the voluntary sector, the targeting to HIV/AIDS, and some potential aid dependency. If aid is to be more effective in complex sectors, it must be better organised around the PD principles, and government must strongly commit their support. This is increasingly occurring.

In the cross cutting climate change sector, evidence of the implementation of the PD principles has been less pronounced. Some significant new investments and much innovation has been driven by development partners. Past and recent national policy development and some practice, especially in research, has been supported sectorally on a bilateral basis, and multilaterals are engaged with two major instruments for the funding of climate change activities. However, the 'nexus' of country ownership, alignment and harmonisation is not well managed. There is no 'Aid Effectiveness Plan' for the overarching sector. The twin challenges in the sector are the achievement of a national institutional platform for cross-sectoral investments and an effective arrangement which promotes country ownership, alignment and harmonisation, leading to better targeting across key areas of demand cross-sectorally, and therefore improved aid effectiveness and better development outcomes.

### Key recommendations (on common questions)

Global, regional and local development challenges for South Africa are compounding and increasing exponentially. Meeting the MDG targets will be more than challenging. Most of these development challenges are cross-sectoral, often 'transboundary' and frequently transnational. Both traditional and non-traditional development partners should therefore continue

to widen the scope of their activities. Aid still has a major role to play, bringing innovation and learning from other regions, promoting upstream policy change, supporting better service delivery and the search for indigenous solutions to local issues, while promoting national and regional development.

The organisation and implementation of the PD and AAA principles should be strengthened through the adoption of a platform and arrangements similar to those in the Windhoek Declaration and the Jakarta Commitment. The former assigns specific development partners to coordinate support into nine 'Thematic Areas' determined by the SADC Secretariat, which are in line with its regional, transnational development planning and related SADC member country sectoral development. The latter Commitment clearly integrates traditional and non-traditional south-south partners into a common platform, which is linked to its regional roles. A recommendation in relation to the Busan Fourth High Level Forum on Aid Effectiveness is that such a revised South African 'charter', (which could align partners into coordinating support into the countries 12 priority outcomes), could be negotiated with its provisions and principles also conforming with those in the emerging African Declaration, supported by the Nepad Secretariat, which will also inform the Busan Forum.

In light of study findings and these development challenges in the further design of a more appropriate architecture of aid, consideration should be given to a comparative, collaborative assessment of similar middle income countries (Columbia, Vietnam, the Philippines and Indonesia). It should look at the respective responses to the use and management of aid, its effectiveness and development outcomes and also assess the respective organisation and outputs in regional roles and responsibilities, and the coordination of traditional and non-traditional development partners.

Global commitments, regional cooperation and South-South cooperation mean that resources and capacity need to be strengthened to enhance South Africa's aid effectiveness agenda, and its role in Africa as a 'new' development partner. Consideration should be given to the enhancement of capacity, knowledge and resources in promoting complementary between IDC and the future South African Development Partner Agency in managing both inbound and outbound development support. While the current government view is that this is not for discussion, consideration could be given in the future to merging the two units and significantly increasing the capacity of the resulting unit.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### UGANDA

## Executive Summary

### Introduction

Uganda has a population of 31.8 million people with a nominal per capita gross domestic product (GDP) of USD 500 per person (2009). About 31% of the population is below the national poverty line, one of the lowest in the East African Community. Growth in GDP has been above 6% per annum for the past eight years. The Gini coefficient has declined from 0.43% in 2002/3 to 0.408 by 2005/6. Total aid disbursed to Uganda over the period 2000/01-2008/09 fluctuated (USD 1,120 million in 2003/04; USD 734 million in 2005/2006; USD 1,277 million in 2006/7; and USD 512 million in 2007/08).

Budget support dominates Uganda's aid architecture, accounting for an average of 42 % of total aid flows over the period 2000/01-2008/9, followed by investment project assistance (29%) and project technical assistance (13%). There are more than 30 development partners (DPs) present in Uganda. The top three DPs together accounted for over 75% of disbursement in 2008/9. As of 2010, the largest donors were the World Bank, the European Commission, the United Kingdom, Denmark and African Development Bank (AfDB) while Ireland, Germany, United Nations, Sweden and Norway were medium scale, the rest were smaller.

The Phase 2 Evaluation of the Paris Declaration in Uganda was carried out as part of a global evaluation covering 32 countries. It evaluated implementation progress as well as results of the PD and the Accra Agenda for Action (AAA). The Paris Declaration on Aid Effectiveness was endorsed by 57 developing countries and 22 DPs on 2 March 2005.

The overall objective of the Phase 2 Evaluation was to document, analyse and assess the relevance and effectiveness of the Paris Declaration in the country and its contribution to aid effectiveness and ultimately to development results, including poverty reduction. The Uganda Case Study was also expected to inform Cabinet debate how aid could finance the new National Development Plan (2010/11-2014/15). It relied on evidence from extensive literature review and key informant interviews.

### Overall Conclusions on Common Evaluation Questions

**"What are the important factors (enablers and the inhibitors) that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results (the Paris Declaration in context)?" (Core Question 1)**

The PD principles were needed in Uganda to improve the effectiveness of aid in achieving more equitable income growth and poverty reduction. Uganda's growth path created opportunities that were skewed in favour of urban areas of the centre and the west, leaving behind rural areas and northern and eastern Uganda where poverty is now concentrated. More prudent macro-economic management, two decades of private sector-oriented structural reforms and emphasis on decentralisation created the space for government, donors, civil society and the private sector to adopt new ways of working together promulgated by the PD.

The Poverty Eradication Action Plan Partnership Principles (PEAP), the early SWAPs which pre-date the PD (e.g., in health and education sectors), the Uganda Joint Assistance Strategy (UJAS) developed in 2005 to strengthen ownership, and strategies for division of labour worked out by donors in consultation with the government created a fertile ground for implementation of the PD by creating the necessary institutional arrangements for donor-to-donor and donor-to-government coordination. The Division of Labour (DoL) exercise managed to rationalise DP sector presence in line with their comparative advantage. However, the DoL suffered from lack of strong government leadership. SWAPs, on the other hand, led to more systematic dialogue between donors and the government, strengthened state party leadership and improved aid coordination.

However, rigid perceived sector mandates, interests and comparative advantage of some DPs have kept them in some congested sectors like health and education leaving behind environment and agriculture underfunded. Performance assessment frameworks (PAFs) introduced as part of the General Budget Support have produced good results by tracking government processes and linking resources to policy objectives, but greater scope remains for improving the indicators for some sectors (e.g. agriculture) and the quality of information used to monitor the progress.

The lack of consensus among development partners on the ideal mode of funding remains one of the most stumbling blocks to harmonisation efforts. Some DPs are fully convinced that the use of GBS should be strengthened (DFID, Netherlands, Ireland, Nordic countries), whilst others (e.g., USAID, Japan, etc) are not convinced and their aid policies prohibit the use government systems until they are sufficiently "safe" to use. Long contractual commitments between donors and government have been instrumental to stability in ODA contributions to the budget despite some volatility in total aid flows to Uganda. Government's clear message on its preference for GBS as the ideal funding modality has been effective in securing stability of support through this instrument. Adoption of GBS as a preferred instrument has also helped to improve budget monitoring and coordination of government programmes in general.

The emergence of non-traditional sources of finance (e.g., China, India and Korea) and the proliferation of vertical funds for global and regional initiatives that support health and agriculture led by multilateral donors and large private foundations (e.g., the Gates Foundation) have both offered new funding opportunities but at the same time run the risk of undermining the core SWAP principles of harmonisation, coordination and an integrated sector policy framework.

**"To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes)?" (Core Question 2)**

Uganda started operating in a manner consistent with PD principles in the late 1990s before the PD principles were signed. Improvements in the quality of partnerships, management and use of aid and efficiency of aid delivery in general started before the PD and acted more as a catalyst for application of PD principles post 2005, which by and large resembled Uganda's PEAP Partnership Principles. It is evident that there has been a strengthening of the ownership of Uganda's national development framework as exemplified by the strong leadership by Uganda and the inclusiveness of the process of formulating the new National Development Plan.

Alignment of development assistance to national priorities appears to have been severely compromised by the poor articulation of priorities in the PEAP and the new National Development Plan. Both documents have been viewed as being too broad but some in government contended that the pillars of the PEAP and the policy actions to be achieved under each pillar, offered an adequate framework for targeting aid hence the early success of SWAPs in Uganda. Alignment has been achieved mainly by strengthening the use of the general and sector budget support instruments, leading to an increase in the number of donors using the instruments as well as the funding flows.

The coming into effect of the PD strengthened Government of Uganda's voice to donors over issues of alignment and harmonisation. Monitoring of project funding managed outside government systems also improved. Project funding remains the mainstay of many large donors, and the extent to which these projects are aligned and harmonised with Uganda's national development framework and preferred operational approaches depends on the level of involvement by the government in management of project aid, which in most cases is not strong in Uganda.

Though results management has improved partly as a result of lessons learnt from past experience in this regard, the progress made in recent times demonstrates a partial contribution of the PD. However, it appears, beyond the sectors that have SWAPs, PD has not had any noticeable impact on quality of aid partnerships and efficiency of aid delivery.

The aid effectiveness provisions in the National Development Plan, the Partnership Policy, the Memorandum of Understanding supplementing the Partnership Policy, and the institutional framework of the Local Development Partners Group, are likely to be effective in building more inclusive and effective partnerships for development in the future.

Transaction costs remain high and these are associated with demands DPs are continuing to place on government in terms of time, reporting needs, and use of the resources through numerous missions and meetings. Although coordination of missions has improved the absolute number of missions that are uncoordinated remains large.



Aid flows remain highly unpredictable until some of the bilateral donors shift from annual to multi-year commitments though disbursements could still remain annualised. Efforts to monitor development impact and account for the results have been strong before PD but have been stronger during period of implementation of the PD. However, there remains the challenge of weak monitoring of the quality of inputs and of implementation of aid financed initiatives, which is hindering aid effectiveness.

**“Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How?” (Core Question 3)**

Knowledge and application of the PD principles varies widely across sectors. Results in terms of development outcomes are also mixed across sectors, with health showing either a stagnation of some of the development outcomes or a decline in some indicators.

Coordination of a large number of CSOs implementing fragmented projects continues to be a challenge, and perhaps militating against positive impact. Decentralisation of health service delivery to districts has not been matched with improvement in staffing capacity at that level, which remained at an average of 56% and as low as 30% in the worst districts<sup>1</sup>. In the water sector, PD compliant aid funding instruments introduced prior to the PD were sustained post-2005. The conclusion reached in this sector is that aid effectiveness principles in general (and not the PD specifically) may have been instrumental to the substantial improvement in outcome indicators.

The contribution of the PD in strengthening aid effectiveness instruments such as the Water Sector Working Group that pre-date the PD and have been working well in the sector is clearly evident with greater division of labour, greater transparency in procurement at central government level through the properly constituted contracts committees that are largely independent of political patronage and report to the Public Procurement and Disposal of Assets Authority and with improved results monitoring.

In agriculture, no tangible impacts in relation to aid effectiveness principles in general or the PD, in particular can be observed. The sector has been characterised by development of too many new national strategies and programmes with little implementation. Both annual sector growth and the share of agriculture in total GDP have declined during the PD period. Absence of a SWAp for agriculture has hindered effective donor coordination and alignment. Knowledge of the PD principles among staff working in the sector has been scant.

There is no convincing evidence to conclude that the PD has necessarily influenced priority setting in favour of the needs of the poorest, who include women and girls and those socially

excluded. PD implementation has sustained pre-PD initiatives for strengthening national service delivery capacity at all levels (central government, local government and civil society levels). This includes the capacity of ordinary poor men and women citizens to defend their rights through political decision-making processes, access to basic services and opportunities to earn meaningful income and realise their ambitions.

Capacities to undertake value for money audits on government programmes and to investigate financial mismanagement have also been strengthened though challenges remain in effectively applying these new capacities because of undue political influence over these processes.

## Main Lessons and Recommendations on Common and Specific Questions

To add value, the PD commitments require fertile ground or enablers, such as enabling political governance (including respect for human rights), prudent macro-economic management, decentralisation, strong sector leadership by government, including the presence of a Sector Wide Approach.

Genuine ownership requires political leverage and space as well as a legal-institutional framework that ensures that citizens – including the poor and the most marginalised women and men – are able to engage in decision-making processes and hold their governments accountable. These frameworks need to be established and promoted.

To improve the predictability of aid, all development partners have to boldly shift to multi-year commitments governed by medium (five years) to long-term (10 years) development partnership arrangements. This mostly applies to bilateral donors such as the USA and Japan who are constrained by their aid policies.

The use of aid conditionality to influence specific policy choices on the recipient country may erode the commitment of partner countries to the use of aid modalities that promote more effective use of aid (such as General Budget Support), thus reversing gains made in the implementation of the Paris Declaration principles. An appropriate set of good practice principles on aid conditionality should thus be developed and widely promoted for adoption by development partners, including non-traditional donors.

Parliament should play a more active role as clearing house for any new aid but this institution needs to be appraised of the PD principles and the need to ensure that any new forms of aid do not undermine current aid relationships.

Year-round aid effectiveness activities should be imbedded into the work of the lead institutions driving the aid effectiveness agenda at country level and should be cascaded to sectors to promote awareness.

<sup>1</sup> Annual Health Sector Performance Report, Financial Year 2008/2009

A framework to guide the entry into new partnerships with non-traditional donors should also be put in place that ensures such partnerships do not take precedence over existing partnerships. Prototypes of well functioning frameworks should be developed and their use promoted.

Globally, the discourse on aid effectiveness should now shift to helping developing countries institutionalise good practices in strategies to improve aid effectiveness, based on evidence of what works and what doesn't, generated from implementing the PD. Special focus should be on making aid

achieve development outcomes and impacts and best practice in evaluating such impacts should be further developed, refined and well documented.

Development partners, especially some bilateral donors, should reform their aid policies in order to improve aid predictability. Good governance is the pillar of aid effectiveness. Efforts to increase the capacity and voice of all development actors, including non-state actors, to take an active role in dialogue on development policy and governance issues should be prioritised by DPs and the recipient government.

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### VIETNAM

## Executive Summary

Vietnam is one of 24 partner countries that have agreed to participate in the second phase of the evaluation of the Paris Declaration. The first phase was conducted in 2007/8, and focused on the inputs and early outputs of the implementation process. The second phase is being conducted in preparation for the 4<sup>th</sup> High Level Forum in Korea in 2011 and emphasises outcomes and results, to establish whether the long-term goals of the Paris Declaration are being achieved. However, the methodology acknowledges that the contribution of the Paris Declaration to development results may not yet be visible, and calls for an exploration of causal chains that are only just beginning to emerge.

The main evaluation mission was conducted over a three-week period from 19 July to 7 August 2010, and involved key informant interviews with a wide range of Government of Vietnam stakeholders and Development Partners, as well as independent observers. A range of data was collected on aid flows and national development results, and a qualitative survey was distributed to stakeholders, with responses received from 11 Development Partners, four line ministries and seven provinces. The Evaluation Team would like to express their appreciation to the staff of the Ministry of Planning and Investment, who provided excellent management and logistical support to the evaluation. However, we should stress that the opinions expressed in this evaluation are entirely our own.

The evaluation report is structured around the three core questions in the evaluation matrix.

#### **1. What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?**

Vietnam was the first country to localise the 2005 Paris Declaration on Aid Effectiveness, and has been one of the most active in its implementation. The Hanoi Core Statement (HCS) was adopted within a few months of the Paris High Level Forum, with all major DPs signing up to its principles and commitments. It had a number of precursors. In the preceding period, a number of donor groupings had emerged to promote harmonisation and alignment. In 2004, the government created the Partnership Group on Aid Effectiveness to bring together these different initiatives under its own leadership. One of the early actions of this Group was to adopt the HCS, which mirrors the content of the Paris Declaration very closely.

Since then, Vietnam has developed an elaborate architecture for promoting aid effectiveness, including permanent dialogue structures, *ad hoc* thematic working groups and regular reporting and review processes. The Ministry of Planning and Investment is an energetic champion of the aid effectiveness agenda at both international and national levels. On the donor side, the donors who are active in aid effectiveness processes constitute together more than 95% of the total development assistance. There are different interests among the donor groups within the aid effectiveness agenda. The development banks focus mainly on boosting the efficiency of project implementation and the quality of country systems, while the bilateral donors have worked together to pilot the introduction of new aid modalities.

The One UN Reform process, of which Vietnam is a pilot country, is helping to rationalise the donor presence.

The evaluation identifies a number of contextual factors that have shaped the high level of engagement by both government and donors in the aid effectiveness agenda. First, Vietnam has very strong national ownership of the development agenda, and one of the most impressive records on poverty reduction in the world. Poverty fell from 60% over the national poverty line in 1990 to 28.9% in 2002, 16% in 2006 and a likely 10-12% in 2010. This gives donors confidence that their aid will be used effectively, despite significant institutional weaknesses. It enables the donors to introduce general budget support at a remarkably early stage in Vietnam's economic transition, before there was even a published budget. Second, Vietnam is by no means an aid-dependent country, and is strongly resistant to external pressure on its domestic policy processes. Well before the Paris Declaration, donors in Vietnam realised there was little value in attempting to use conditionality to lever policy change. This meant that Vietnam and its Development Partners achieved a more mature development partnership at an early stage. Finally, Vietnam's recent achievement of Middle-Income Country status means that there is a limited time horizon for aid. The government is therefore determined to use the HCS as a tool for extracting the maximum value from the remaining aid flows. However, some donors have already begun to shift the balance of their assistance from traditional sectoral support towards technical assistance in niche areas, which results in regression against some of the Paris Declaration indicators. The implications of this trend for the national aid effectiveness agenda are still being measured.

## **2. To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?**

Vietnam has gone further than most countries in articulating aid effectiveness commitments and establishing structures and processes for taking these forward. However, it has also discovered that moving from general principles to concrete changes in aid practices is difficult and time consuming. The issues quickly become complex and technical, and protracted negotiation is needed to identify practical solutions and compromises. Many of the commitments involve changing national rules and institutions, which in Vietnam can be a slow process. There are some strong vested interests in traditional aid practices that are hard to overcome. Poor communication across government, and weak capacity in the provinces can be a real constraint. On the donor side, implementation encounters restrictive headquarter rules, risk aversion, institutional inertia, capacity constraints in small aid missions, and fatigue with time-consuming aid processes. The diplomatic norms that govern the development partnership mean that only very soft forms of mutual accountability are possible. As a result, aid effectiveness processes are inherently prone to stalling, and need to be constantly reinvigorated.

To its credit, the Ministry of Planning and Investment has not allowed the implementation process to grind to a halt, but has continued to experiment with new structures and processes to keep it moving forward. However, practical change has come in the form of small steps, rather than major breakthroughs.

Although there is gradual change underway in many areas of the development partnership, the evaluation identifies two areas of change under the HCS that are particularly important.

The first is the shift towards new aid modalities and programme-based approaches. Donors have experimented with changing aid modalities in areas such as rural water and sanitation, education, Programme 135 (targeted at ethnic minorities), rural transport and (prospectively) health. This shift has been far from easy. The initiative for changing aid modalities has come almost entirely from the donor side, and has had to overcome a range of obstacles, including a legal framework for aid management that treats projects as the default option and a set of incentives that favour traditional projects. Programme-based approaches are also more difficult to implement in Vietnam's highly decentralised system of government, especially given continuing weaknesses in financial reporting and results management. For these reasons, new aid modalities have mostly taken the form of targeted budget support delivered through national poverty reduction programmes (National Target Programmes), rather than full Sector-Wide Approaches or sectoral budget support.

Under the Paris Declaration, programme-based approaches are used as a proxy for simplification of procedures among donors. In fact, they are a more ambitious form of assistance that requires higher intensity effort on both sides than traditional projects. The real significance of programme-based approaches lies in achieving a more strategic engagement by donors in strengthening core sectoral capacities and processes for policy making, planning, budgeting and managing for results. In the sectors that have moved furthest towards programme-based approaches, we find evidence of greater policy influence for donors, particularly around the targeting of expenditure for the poorest communities. Counterparts show an increased understanding of the importance of results management and a greater willingness to experiment with new tools and approaches. There has been some strengthening of community participation in development initiatives, which is potentially an important contribution to the decentralisation process. In the health sector, the Ministry of Health and donors are working intensively on improving the quality of the national health strategy and its accompanying expenditure framework, as a precondition for sectoral budget support. These are not dramatic changes, but they are evidence that donors and their counterparts are working more intensively on issues that matter.

The second domain of change is strengthening country systems for public investment management. This is happening in a number of ways. Donors have supported horizontal reforms

of public financial management and procurement systems. There have been capacity building programmes, including strengthening the ability of central agencies like the Public Procurement Agency to conduct training across the administration. There has been joint analysis of the gaps between country systems and international standards. There have been improvements to Vietnamese regulations on environmental and social safeguards. There has been alignment of donor and country procedures in a few areas, including project feasibility studies and monitoring and reporting tools. The Six Banks have agreed with the government on a Plan of Action to address outstanding bottlenecks in project implementation.

As a result, there have clearly been some improvements in country systems and capacities for public investment management, including at the provincial level. The development banks report that there have been some recent improvements in the efficiency of project implementation. However, line ministries and provinces are still experiencing significant delays in project start-up and implementation, which remains their main aid effectiveness concern.

There are aspects of the Paris Declaration/HCS that have not received the same level of attention in Vietnam, such as improving the division of labour among donors, encouraging joint programming and delegated cooperation, increasing joint missions or improving the predictability of aid flows. While these are desirable goals and have shown some measure of improvement over the past five years, in a country that is not aid dependent they are not seen as high priorities.

### 3. Has the implementation of HCS strengthened the contribution of aid to sustainable development results? How?

To attribute development results to HCS implementation, we have to begin from the findings on intermediate outcomes – namely, the extent to which the HCS has brought about meaningful changes in aid practices – and then consider whether those changes have helped increase Vietnam's rate of progress towards its development goals. The changes in the development partnership identified here are still at a fairly early stage, but they do suggest where the main causal pathways from HCS implementation to development results are likely to appear in the future.

- i) The shift from fragmented project aid towards programme-based approaches leads to a more intensive engagement by donors in building up core sectoral capacities for planning, budgeting and results management, leading to greater development effectiveness at the sectoral level.
- ii) More intensive investments in improving country systems for managing development expenditure, supported by greater willingness of donors to use those systems for aid delivery, leads to efficiency gains for all development expenditure.

However, these benefits are still largely in the future. Even in Vietnam, with the high level of effort that has gone into HCS implementation, the bulk of assistance is still delivered in much the same way as it was before the HCS – neither through programme-based approaches nor using country systems. For this reason, it is not possible to conclude that there has been a major impact of the HCS on development effectiveness at this point. It would be more realistic to look for that impact towards the end of the next five-year planning cycle. However, there is enough evidence of emerging results to justify continued investment in this important agenda.

## Recommendations for strengthening aid effectiveness in Vietnam

The evaluation offers a number of practical recommendations for strengthening the aid effectiveness agenda in Vietnam. These are:

- i) Improve the legal and institutional framework for aid management to provide guidance to ministries on the design of programme-based approaches and new aid modalities.
- ii) Strengthen the role of the Ministry of Planning and Investment in supporting new aid modalities, including disseminating lessons on designing and implementing programme-based approaches.
- iii) Clarify Vietnam's policy on the use of less-concessional development finance by establishing criteria based on overall development return, rather than direct financial return.
- iv) Clarify the roles and responsibilities of different government agencies in climate change finance, and establish a single body to coordinate assistance.
- v) Review the role of project management units in the Vietnamese system of aid management, to reduce fragmentation within ministries and increase the prospect of sustainable capacity development.
- vi) Increase the use of objective assessment tools for country systems, particularly in public financial management.
- vii) Pursue the development of programme-based approaches in appropriate sectors, but without adopting overly complex funding modalities, by encouraging line ministries and donors to agree on a practical agenda for strengthening core sectoral processes like planning, budgeting and results management.

- viii) Incorporate assessments of institutional capacity gaps into sectoral strategies, to help ministries and donors agree on a common capacity building agenda and division of labour.
- ix) Develop an agenda for the Aid Effectiveness Forum that covers issues that cross over aid effectiveness and development policy, and cannot be addressed in sectoral Partnership Groups. Some of the issues could be referred to donor groups to prepare positions papers to present to the Aid Effectiveness Forum.
- x) Strengthen the relationship between sectoral Partnership Groups and the Aid Effectiveness Forum by setting down guidelines on the roles of Partnerships Groups and how to improve their efficiency. Task each Partnership Group with articulating priority actions for improving aid effectiveness, and report on progress annually to the Aid Effectiveness Forum.



# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### ZAMBIA

## Executive Summary

### Introduction

The Phase 2 Evaluation building on evidence from the Phase 1 and regular PD monitoring surveys which focused on behavioural change and intermediate results in aid management efficiency, went further to **assess plausible contribution of aid to development results**. The Evaluation concentrated on three main questions: (a) the PD context; (b) intermediate outcomes in terms of efficiency of aid management; and (c) development results, drawing from key informant interviews and existing literature.

### Study Approach

A national overview and two sector case studies in Health and Agriculture were to be conducted. Interviews were conducted with over 30 key informants drawn from government, development partners, quasi-government institutions, civil society, the academia and the private sector, selected based on a comprehensive stakeholder analysis. Regular advice was provided by the international core team and a multi-stakeholder national reference group.

### Main Findings and Conclusions

#### The National Context

Zambia is a land locked country of approximately 752,600 square kilometres with a population of 13 million people. The country's tight fiscal and monetary policies have reduced inflation to single digit levels and attracted foreign direct investment mostly into the mining sector. GDP in purchasing power parity terms has risen more than 70% between

2000 and 2010 reaching USD 17.155 billion or USD 1,460.63 per capita in 2010. Despite these positive economic gains, extreme poverty remained endemic especially in rural areas as poverty headcount reduced only marginally from 70% to 64% between 1991 and 2006. Due to this imbalance, consumption inequality was high, as shown by a Gini coefficient for 2007 of approximately 50.7, only marginally lower than the 52.6 for 1998 (2001 and 2009 Human Development Reports). This context, indicates the need for external support to address socio-economic challenges.

According to the Ministry of Finance and National Planning, in 2009, 28 donors were providing ODA to Zambia and many more through NGOs. Between 2006 and 2009 the 10 largest donors were EU (14.3%), USA (10.7%), United Kingdom (9.0%), United Nations (8.9%), World Bank (8.7%), Netherlands (7.6%), Norway (5.6%), Denmark (5.2%), AfDB (4.4%), Germany (4.3%) and Japan (4.3%). The rest of the donors provided 17%.

- a) **“What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?”**

Momentum towards more aid effectiveness in Zambia started with the introduction of the Sector Wide Approach (SWAp) and decentralisation policy well before the Paris Declaration was adopted in 2005. However, the natural expectation that the pre-existence of initiatives towards aid effectiveness would have catalysed adoption of the PD principles in Zambia was not supported by strong evidence. The counterfactual –

whether the current progress in embracing the Paris Declaration principles would not have taken place without the Declaration being signed – cannot be answered conclusively either.

Views of some in the government pointed out the lack of a formal domestication of the Paris Declaration and institutional champions as key stumbling blocks that inhibited translation of the PD into action level mechanisms. While the Economic and Technical Cooperation (ETC) Department of the Ministry of Finance and National Planning (MOFNP) was the natural home for propagation of the PD, a recent evaluation of the Joint Assistance Strategy for Zambia (JASZ) found the structure of the department more amenable to a bilateral focus on aid relations rather than a sector thematic focus that would suit the handling of the Paris Declaration issues. The ETC has also been overstretched because it continues to deal with donors on a one-on-one basis demanding diverse competencies.

The findings from Zambia confirm that the PD has made aid effectiveness principles more widely known. Government and donors can easily relate to, and build consensus around them. Donor country offices also now find it easier to negotiate for support from headquarters on country level aid cooperation on the basis of these global principles.

The high level of interest and engagement in aid effectiveness among key stakeholders has continued to operate with different dialogue platforms established under the Poverty Reduction Budget Support and JASZ MoUs. However, there is dissimilar levels of commitment between the donors and the GRZ to this process. For donors that signed either the PRBS or the JASZ MoUs, the interest in aid effectiveness generally remains high though some who are part of the JASZ appear to doubt the efficacy of these dialogue platforms and the aid effectiveness agenda as implemented.

Regarding the GRZ, commitment to aid effectiveness principles was found to vary, being highest in the ETC department of MoFNP. Ministries with SWAps also have sustained interest and level of engagement. Less interest was exhibited by those without SWAps exemplified in the declining level of seniority of sector ministry representatives at the High Level Policy Dialogue meetings.

In terms of key influences on aid relations there are three. Firstly, with Zambia's attainment of the HIPC Completion Point in 2005 and the subsequent debt write off, Zambia debt stock fell from USD 7.2 billion to only USD 500 million. With it ended the annual negotiations for debt rescheduling at the Paris Club. Subsequently, the role of the World Bank, which often acted as a bridge between Zambia and other donors, is no longer as prominent. The rising status of China as a donor to Zambia is another major influence. China has in recent years become the second largest economy in the world and her aid to Zambia has become more visible, mostly in the form of loans, yet she remains outside the aid effectiveness agenda.

The third has been the withholding of some aid due to alleged misappropriation of funds at the Ministry of Health. This last influence appears to have tested Zambia's aid relations the most in recent times.

It was found that PD principles and their sub-principles are at times interpreted differently by different players, including among the donors themselves. Division of labour is understood differently, with some so called "silent" donors being very visible and articulate. There is however tension between the GRZ and donors around Mutual Accountability. Government officers believe there is disproportionate intensity of scrutiny of government's actions relative to those of donors, yet the latter should equally be open to scrutiny on timeliness of aid release.

Civil society organisations who are receiving a significant share of donor funds are not included in the mutual accountability framework. CSOs hold the view that the absence of a Mutual Accountability Framework is one of the reasons Cooperating Partners (CPs) and CSOs find it difficult to hold government to account for its unilateralism in decision making. Further, in some sectors harmonisation appears to have provided CPs with a convenient platform with which to "gang-up" to criticize government. CPs may hold different views concerning contentious issues but with harmonisation they speak with one voice.

**b) "To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?" (Core Question 2)**

Increased leadership and ownership by the government was clearly evident in processes which formulated the Fifth and Sixth National Development Plans (FNDP, SNDF). However, due to low staff capacity in critical departments, there has been a weak link between national development planning on one hand and budgeting, on the other. This has hindered full realisation of potential benefits from improved planning. Government and development partners have become increasingly open to increased civil society participation in development planning processes with formal representation in aid coordination, although the extent of civil society participation and engagement is perceived differently across stakeholder groups.

Harmonisation is well accepted by development partners particularly with respect to programme based approaches but performance indicators and reporting still needs standardisation and harmonisation. In terms of alignment, development partners have aligned most of their policies and programmes to the national development plan but much of project or programme implementation is not yet using country systems. Managing for development results is being done mostly at project level. Mutual Accountability is being strengthened and a review has been commissioned to investigate outcomes so far achieved.

In terms of performance and accountability, there are now better systems including the Auditor General's Office and Parliamentary Accounts Committee. However, not much has been done to follow-up on issues that have been highlighted by these institutions due to a weak link with systems for law enforcement.

Less duplication of effort among CPs has been noted primarily through the SWAp reinforced by the PD. Both the Wider Harmonisation in Practice (WHIP) and Sector Advisory Groups (SAGs) have also positively reinforced adherence to PD principles and vice versa. The JASZ has been particularly useful in this regard.

Predictability of financial flows which had improved significantly deteriorated in 2010, following the alleged theft of funds at the Ministry of Health which led to a general freezing of ODA. Government funded 100% of the health budget in 2010 and at least 90% of the agriculture budget in the same year. CP delegation of decision making to country offices is insufficient, curtailing decisions informed by local circumstances.

Capacities for results-driven strategies are getting stronger. The FNDP provided a framework for results management through the Key Performance Indicators. The Ministry of Finance established a dedicated department in the last two years mandated with monitoring and evaluation. However, inadequate staffing remains an issue with M&E outputs and there is also a need for a forum for wider discussion.

Information asymmetry exists which favours CPs, while leaving government without adequate information. This affects the latter's ability to engage in dialogue with donors.

**c) "Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results? How?" (Core Question 3)**

The extent of implementation of PD principles varies across sectors thus results are mixed. In health, the advent of PD principles not only led to better understanding of what was to be done under SWAp, but also increased stakeholder consciousness of the need to utilise available resources more wisely. The PD contributed to progress in aid effectiveness by strengthening the development plans, aid coordination mechanisms and sector wide management approaches.

More especially, the Paris Declaration has enhanced the quality of dialogue, contributed to more coordinated support towards national systems, widened use of programme-based approaches and guided implementation of the FNDP towards achievement of the Millennium Development Goals.

The PD has encouraged donor harmonisation but persistent fragmentation of aid modalities still places an administrative burden on health sector capacity.

A significant proportion of health sector investments do not have adequate monitoring systems in place to enable results – oriented decision making. It is difficult to find evidence of PD influence on quality of results management and mutual accountability in the sector.

With respect to administrative efficiency, SWAp records for the past eight years show a substantial amount of time being spent attending meetings. Donors that have not been pooling resources continue to impose separate planning, budgeting and reporting formats and meetings, increasing the administrative workload on health staff.

In agriculture, PD-like principles became evident during the design and implementation of the Agricultural Sector Investment Programme (ASIP) between 2000 and 2006. At that time the Ministry of Agriculture and Cooperatives (MACO) showed greater ownership by driving the design and implementation of ASIP and carrying out wide-ranging institutional reforms. The GRZ insisted on phasing out all area-based programmes and asked donors to support agriculture through a single planning framework of ASIP. Management for results was far much more vigorous then, with a clear results based M&E framework and Key Performance Indicators at sectoral level that fed into the overall macro level indicators, annual work planning and budgeting.

However, alignment has proved to be a perennial problem in the agriculture sector. Despite the GRZ making efforts to strengthen the financial and procurement systems, CPs continue to shun government systems. Given that GRZ was strong on insisting that there would be no new stand alone projects, many donors simply held on to their funds and ASIP failed to live up to its ambitions. This development led the Agriculture Commercialization Programme, which succeeded ASIP to abandon the requirement of insisting on the use of national systems. A number of projects with their own implementation units immediately followed but all focusing on smallholder commercialisation.

The agriculture sector may have benefited from enhanced dialogue structures that emerged since the adoption of the PD. However, contentious issues under ASIP still poison the CP/GRZ relationship – fertilizer subsidies and government intervention in maize marketing and the aid relationship is not as amicable as in those sectors that enjoy SWAps.

The most notable results contributed by the PD-influenced dialogue are the eight refined policy statements in the draft Comprehensive Africa Agriculture Development Programme Compact. These policy statements, extensively discussed by all key stakeholders were all well received by major CPs for future funding to the sector.

Overall, the capacity of Zambia to coordinate and manage aid is growing slowly, with improvements in public financial management. However, major gaps still remain in analytical work,

policy formulation, strategic planning and evaluation which are least supported. Other capacity gaps lie with limited attention on the needs of parliament, auditors and civil society, who play an important oversight role.

## Main Recommendations

To sustain the present PD momentum, it is critical that all aid stakeholders in Zambia build on the original founding basis for aid effectiveness dialogue and policy instruments.

Enhanced value can only be attained if **progress is made on all fronts of the five PD principles**. The PD should be implemented in full to become a catalyst of better governance, better service delivery, and enhanced trust by citizens of both the donor and the recipient country.

Hence a **system to strengthen national capacity to cascade PD knowledge** from the focal institution, the ETC in the Ministry of Finance and National Planning, to other ministries and every critical oversight body such as parliament, civil society, and the Auditor General's Office.

The **link between these accountability institutions and law enforcement systems** should also be strengthened in order to reduce risk of financial misappropriation and, more importantly, rekindle development partner confidence in the use of national systems for public financial management and procurement.

Since the SWAps have proven to be a catalyst to PD implementation in Zambia, they should be **rolled out to as many sectors as possible**, whilst at the same time recognising that while being a necessary condition they are not a sufficient condition for aid effectiveness.

Beyond 2010, **critical questions still remain unanswered as to how to sustain the momentum gained towards aid effectiveness and how to ensure that aid achieves the desired development outcomes**. The next high level forum on aid effectiveness should tackle these core questions, especially **how to make aid more effective in reducing rural poverty, social exclusion and income inequalities**. This may require enhanced support by development partners to initiatives that address inequalities more directly, improve monitoring and evaluation systems, and strengthen of service delivery systems.

**Weak frameworks for enforcing and assessing Mutual Accountability need to be strengthened**. The same applies to monitoring of transaction costs and holding DPs to account for declining aid predictability.

**CPs should increase their delegation of decision-making powers to country office staff** to facilitate decision-making sensitive to local realities.

**Methods for assessing the contribution of aid to development outcomes** need to be further refined, building on the experience and lessons gained from this Evaluation.

**ANNEX 2**  
**Executive Summaries of**  
**Phase 2**  
**DONOR AND AGENCY STUDIES**



# Evaluation of the Implementation of the Paris Declaration

## Donor Study

### AFRICAN DEVELOPMENT BANK

#### Executive Summary

#### Purpose and approach to this evaluation

- I. This evaluation is one of a series of donor agency and country evaluations contributing to Phase 2 of the Global Evaluation of the Paris Declaration (PD). The purpose of this evaluation is to assess African Development Bank's (AfDB) performance in fulfilling its commitments to the PD as an institution. This evaluation focuses on the context, institutional aspects and outcomes of PD implementation. The institutional aspects have been reviewed according to three dimensions: leadership and commitment, capacity, and incentives.
- II. This evaluation has used a range of methods for data collection, drawing from different sources, including: policy document review, organisation review (including staff survey), review of country strategies and portfolios (covering 15 regional member countries – RMCs), country visits (Kenya, Malawi, Burkina Faso, Cameroon) and stakeholder interviews and discussions at AfDB in Tunis.

#### Key findings

- III. Since 2005 the Bank has achieved much with regard to aid effectiveness (AE).
  - The Bank has signed up to the Joint Assistance Strategies for a number of countries (e.g. Central African Republic, the Gambia, Sierra Leone, Tanzania, Kenya, Liberia, Zambia, and Uganda).

- It has harmonised its procurement rules and procedures with other multilateral development banks and removed the rules of origin that was a major impediment for further harmonisation and alignment of Bank support.
- The Bank has, within the limitations set by the African Development Fund (ADF), increasingly used budget support to respond to RMCs' demand.
- It has made substantial contributions to building country capacities on public finance management and statistical capacity.
- It has increased its field presence and as a result has strengthened the Bank's engagement with RMCs and other development partners.
- It has made efforts to strengthen the broad-based ownership of its Country Strategy Papers and align country programmes with RMCs' priorities.
- The Bank has strengthened Africa's leadership on development through support of regional institutions promoting economic and financial governance.
- Practices for mutual accountability are emerging as a result of stronger partnerships at country level.

- IV. **Progress has been generally better where the Bank's mission has overlapped with the aid effectiveness agenda.** For example, RMC ownership is at the heart of



the Bank's mission and the Bank has taken country ownership seriously prior to the Paris Declaration. The Bank has communicated its commitment to ownership consistently through policies and strategies and its efforts to building RMC capacities for effective leadership were consistent with this commitment. The Bank has been a reliable partner for RMCs and, as a result, has performed well on policy alignment and predictability of funding.

- V. **Progress has been inconsistent in areas that are not supported by its corporate strategy.** Alignment with country systems has been on an ad-hoc base, often as a result of demands by country governments. A long-term approach has been missing. Performance related issues (e.g. time lapse between approval and effectiveness, low disbursement rates, slow procurement of goods and services procedures) have often been addressed through short-term solutions (e.g. training, consultants). Disbursement targets still provide a strong incentive to maintain Project Implementation Units (PIU). The Bank's cautious approach to risk management has made it reluctant to use country systems, therefore slowing down progress. The Bank has no strategic stance on the use of more aligned modalities other than budget support and, as a result, progress in the use of common instruments (such as participation in pooled funds or sector budget support) is slow and variable.
- VI. **The transition to new ways of working under the aid effectiveness agenda is creating dilemmas and conflicts.** Bank staff perceive the inherent tension between the key drivers of Bank performance (risk awareness, disbursement pressure) and the new ways of working under the AE agenda. An example is the dilemma over whether the Bank should be supporting parallel PIUs or their equivalents. The existing Bank documents do not provide clarity on how choices and challenges resulting from the AE agenda should be addressed at the operational level.
- VII. **Decentralisation** offers a unique opportunity to harness the latent capacities and intrinsic motivation available within countries. Country offices show significant commitment and intrinsic motivation that drives their engagement in the country's AE agenda. Good practices, for example on mutual accountability, are emerging at country level despite the Bank's failure to promote them in a strategic way. Within the countries, the Bank has benefited substantially from joint work with other development partners. Delegation of authority to field offices and a stronger focus on technical capacity within the country will help to harness those potentials. The Bank as a whole could learn from country-level experiences with AE.
- VIII. **The Bank has not yet realised the opportunities of policy dialogue within the new aid architecture.** The Bank has traditionally treated budget support as a funding mechanism rather than as part of a package to support effective country leadership which includes policy dialogue. The Bank is keen to respect governments' views in the dialogue and tends to refrain from pushing difficult issues. For example in the transport sector, the Bank is leaving the more difficult change management aspects to donors such as the World Bank and EU. The Bank often lacks the critical mass of qualified staff on the ground that would enable an effective role in policy dialogue.
- IX. **The Bank has missed opportunities to link institutional performance with aid effectiveness principles within its corporate strategy.** Reference to AE is scattered throughout the Bank's corporate strategies and there is no overall strategy document that would guide the Bank's approach to AE in line with its mission. For example, the Bank does not have a consistent approach to conditionality. It has reduced project conditionalities to speed up implementation, but it still tends to address strategic and institutional issues through conditions rather than dialogue. The Bank's focus on short-term performance targets lacks a long-term view on partnerships and has hindered more aligned and harmonised ways of working.
- X. **The Bank has not invested substantially in developing and implementing an organisation-wide approach to implement aid effectiveness principles.** The Bank's efforts over time have been fragmented, inconsistent and under-resourced. In the absence of a clear rationale and strategy for implementing AE principles, AE was often treated as add-on. AE principles have been addressed on a case-by-case basis rather than in response to an overarching strategy for AE. For example, progress with the harmonisation of procurement practices and assessment of country procurement systems could have been better if there was a consistent strategy and sufficient resources to support it.
- XI. **Institutional arrangements for aid effectiveness have not been adequate and have led to a fragmented approach.** Different parts of the organisation have taken some efforts to address AE principles, but overall progress was fragmented across the organisation. The Bank did not have an effective approach to mainstreaming AE principles in the organisation. It did not provide the organisational arrangements and resources for an AE strategy. Capacity to coordinate an action plan on AE was insufficient.
- XII. **Responsibility to engage on the ground:** The Bank has achieved much with regard to AE. The Bank's commitment to RMC ownership meant that it was exemplary in its efforts to strengthen country leadership. The

## Conclusions

- XII. **Responsibility to engage on the ground:** The Bank has achieved much with regard to AE. The Bank's commitment to RMC ownership meant that it was exemplary in its efforts to strengthen country leadership. The

Bank's approach to partnership builds on mutual trust and accountability. But the Bank has a responsibility to respond fully to the AE agenda at country level, and to fulfil its vision of being Africa's premier financial institution. AE principles of ownership and alignment require close dialogue with RMC governments, civil society and the private sector. In a strong partnership, there will be many sensitive issues to deal with as well as the means to address and resolve differences of opinion. The Bank should not shy away from addressing controversial issues. As an equal partner in the policy dialogue, the Bank needs to develop a strategic stance on sensitive issues that are complex and require a long-term perspective (e.g. governance and accountability issues, use of country systems).

- XIII. **Case for strategic change:** The Bank could strengthen its institutional performance if it integrated AE principles into its corporate strategy. There is a strong case for AE as part of the Bank's strategy to improve performance and standing within RMC. For this the Bank needs to address the entire spectrum of AE principles. The Bank has generally performed well in terms of ownership and policy alignment and it has made some commendable efforts on management for development results. More needs to be done on systems alignment, harmonisation and mutual accountability, with increased focus on long-term goals and partnerships.
- XIV. **Call for institutional reform:** The main bottlenecks for the implementation of the AE agenda on the ground are weak capacities and conflicting incentives. The Bank as an organisation has not invested strategically into the capacities and skills required within the new aid architecture. Strong incentives relating to financial performance have been driving country portfolio management often at the expense of AE principles. The move to new truly country-led ways of working will take further, far-reaching institutional reforms. For a consistent and coherent approach to AE there needs to be a strong and sustained commitment in all parts of the organisation.

## Recommendations

- XV. **Establish the case for aid/development effectiveness within the organisation:** The President of the Bank has already made a powerful case for focusing on development effectiveness.<sup>1</sup> The evaluation endorses this move. In order to achieve better coherence between AE (in the following referred to as "development effectiveness") principles and its corporate strategy the Bank has to make the case that it is in its own interest to strengthen country capacities and leadership if it wants to improve its performance in the long-term. The upcoming strategic process will be an opportunity to establish

<sup>1</sup> The Tunis Consensus – Targeting effective development: From Aid Effectiveness to Development Effectiveness. Tunis, 4-5 November 2010.

the relevance of development effectiveness principles within the Bank's corporate strategy.

### Action points:

- The Policy Department (ORPC) is well placed to lead the process. Based on the policy documents review undertaken with this evaluation, ORPC should examine the strategic fit between development effectiveness principles and corporate strategies. ORPC should clarify the Bank's policy stance on issues where there are gaps (e.g. conditionalities, funding instruments).
  - The Chief Economist (ECON) should prepare a background paper – as part of the examination of critical issues – of the relevance of development principles for the Bank's strategy. This paper should be prepared in a similar process as that for a new mid-term strategy. It needs to take into account the outcomes of the discussions around development effectiveness to be held during that process. In the background paper the ECON in cooperation with the Strategy Office (STRG) should also clarify the Bank's comparative advantage based on development effectiveness principles.
  - The Chief Operating Officer's (COO) office and Vice President for Country Operations, Regional Programs, and Policy Complex (ORVP) should lead the Bank-wide debate around critical issues that seem to create tensions between AE and elements of its strategy. A priority issue for debate is the use of country systems. The Procurement and Fiduciary Services Department should present a strategy to strengthen the use of the country system for a wider debate in the Bank that includes field offices. ORVP's seminars on operational knowledge could provide the platform for these discussions.
- XVI. **Mainstream development effectiveness principles:** The Bank will only be able to address development effectiveness in a consistent way if the principles are integrated ("mainstreamed") in all parts of the organisation. The Bank needs to make sure that there are clear responsibilities and incentives and that all staff are pulling in the same direction with regard to development effectiveness. The Roadmap for AE has been a first step to raise awareness and consolidate efforts through a Bank-wide approach.

### Action points:

- ORPC should prepare a central document that provides guidance on how AE principles will be addressed through the Bank's support. The document does not have to replace existing policy documents, but it should provide clear reference on how AE principles are addressed in the various policy documents.

- ORPC should also provide detailed guidelines for task managers on how AE principles should be taken into account at the operational level.
- The Bank should appoint development effectiveness champions in all three operational complexes who would lead on the preparation and execution of development action plans to implement AE principles at operational levels.
- Action plans will focus on priority areas that are lagging behind. These are likely to differ between countries and sectors and it is therefore recommended that regions/countries/sectors should prepare their specific action plans. The action plans will establish clear responsibilities and targets to be monitored. Activities need to be budgeted and time bound.
- The preparation of action plans will be an important process to deepen the understanding of AE principles. They must be prepared through a consultative process involving field offices. The Bank should disseminate guidance on AE terminology (glossary) early on to enable informed discussion.
- The Performance Management System should require the inclusion of development effectiveness related objectives on a mandatory base. Country Strategy Papers need to include consistent strategies on development effectiveness related issues (e.g. choice of funding modalities, use of country systems). Country portfolio performance reviews must report on development effectiveness indicators as part of a more standardised format.
- The Bank needs to review its approach to risk management. Risks need to be managed (and monitored) at four levels: corporate, divisional, country and project. The Bank should develop a Fiduciary Risk assessment instrument which would help senior management to monitor aligned aid modalities (e.g. budget support) on a more systematic basis.
- Quality Assurance and Results Department will monitor AE targets on an annual base. We recommend focus on a few SMART targets that are

critical to achieve if the Bank is going to fulfil its commitment to AE principles.

- XVII. **Manage strategic decisions:** It is not sufficient to formulate policies and strategies and take strategic decisions. Strategic decisions need to be managed purposefully and systematically. This requires a proactive approach to anticipate and mitigate the challenges and risks that accompany change. The example of decentralisation shows that key organisation-wide reforms should be accompanied by the full package of complementary reforms and strategies required, and by management arrangements that ensure a strategic and responsive approach to implementation.

**Action points:**

- “Change management” can be purposefully linked to the ongoing decentralisation reform. In line with the Decentralisation Roadmap we propose that the office of the COO should be responsible for monitoring the transition to new ways of working. The COO will be reporting to the board on the change initiatives.
- The Decentralisation Roadmap has a strong focus on strengthening existing field offices. It should explicitly address the need for technical capacity to lead country dialogue and stronger selectivity and focus on comparative advantage within the new aid architecture.
- The Bank’s human resource strategy has to address the need for new skills and capacities as part of the new aid architecture, in particular the “soft skills” needed for effective management of development cooperation in an era of harmonisation and alignment. This includes training for existing staff and deployment of additional staff to provide strong capacities on the ground. Training should include soft skills (negotiation, dialogue etc) as well as technical issues (risk management, funding modalities, analysis of governance related issues etc.).
- The Bank needs to make sure that activities in relation to AE (training, workshops, and studies) are sufficiently resourced.

# Evaluation of the Implementation of the Paris Declaration

## Donor Study

### AUSTRIA

## Executive Summary

### Introduction

#### – scope of the evaluation

Austria endorsed the Paris Declaration on Aid Effectiveness (PD, 2005) and the Accra Agenda for Action (AAA, 2008). In these two documents development agencies and partner countries agreed to carry out necessary qualitative improvements in order to enhance aid effectiveness and to achieve the Millennium Development Goals (MDG, 2000). Austria set out an Action Plan on Aid Effectiveness (2006-11) as well as an Action and Implementation Plan for the AAA (2009-11).

Austria participates in the evaluation of the PD (1) by contributing to the evaluation of Uganda, (2) by a Headquarter study, and (3) by participating in the monitoring rounds. The present Austrian Headquarter study is focused on the Austrian Development Cooperation (ADC) system, including the concerned ministries, the Austrian Development Agency (ADA), the Austrian Development Bank (OeEB) and Non-Governmental Organisations (NGOs) as intermediary or implementing agencies in Vienna as well as the cooperation offices in the priority countries of the Austrian Development Cooperation.

The focus of the evaluation is on the three enabling conditions commitment, capacities and incentives specified in the generic terms of reference.

For the Austrian headquarter study an Austrian reference group composed of representatives of the Ministry of European and International Affairs, the Ministry of Finances (BMF), the Austrian Development Agency and Civil Society Organisa-

tions provided most useful feedback to the terms of reference, the inception report and the first version of the draft report.

Methodology included the reading of both international and national documentations about the Paris Declaration, a series of 42 semi-structured interviews with representatives of involved organisations carried out in Vienna (September 20 - 28, 2010) as well as an electronic survey in all 12 coordination offices.

### Main Findings and Conclusions

**Key features:** Austrian ODA is regressing from € 1.321 million in 2007 (0.50% of Gross National Income) to € 820 million in 2009 (0.30%). Austrian ODA is highly fragmented: in 2009, 136 countries (out of 150 eligible for ODA) receive Austrian ODA, with an average of € 1.9 million. Austria is almost renouncing to a selection, yet the trend is still towards even more fragmentation. In 2008, only *three* of the Austrian priority countries were among the top 10 ODA recipients (Iraq, Bosnia and Herzegovina, Chad, Egypt, Turkey, China, Kosovo, Europe regional/multicountry, Sub-Saharan Africa regional, Uganda). In the last couple of years, country programmable aid represented a low share of around 10% of Austrian ODA. Austria is placed at the last but two positions among DAC bilateral donors for the share of country programmable aid and at the next to last position for concentration (2009 OECD Report on Division of Labour, p. 21 and p.28). The volume of the other shares in Austrian ODA is oscillating very much: debt relief (55% - 5%), contributions to EU development cooperation (25% - 15%) and contributions to international financing institutions (23% - 6%).

**Legal set-up:** Austrian laws (Federal Ministries Act, Federal Act on Development Cooperation, different acts for financial contributions to IFIs, Guidelines for the Federal Finances, and several others) provide an unbalanced basis for the overall Austrian development aid and create diverging operational conditions for the different parts of ODA. Differences are specifically found among bilateral development cooperation, contributions to international financing institutions and contributions to international organisations (UN, EU).

**Development policy:** An overarching Austrian strategy for development cooperation is missing. There are various attempts to create coherence in Austrian development policy at the next lower strategic level, the ministerial and interministerial guidelines. Yet, they are very general in nature and overruled by the Guidelines for the Federal Finances. Moreover, they are not conducive for a proper political steering of Austrian ODA and they are not backed up by strong strategic monitoring mechanisms.

**Structural problems:** These structural problems, which cause high fragmentation of Austrian ODA, low internal coherence and strong oscillations in funding, are not on the domestic political agenda. In its statements towards an international public, the Austrian government does not address these problems.

**Research for solutions:** Austria has, however, made several attempts to overcome this situation. These attempts match well with the PD principles although they were made without direct reference to the PD. The most important of these attempts was the Foundation of ADA in 2004, in order to create a flexible and competent organization capable to manage roughly the double amount of ADC. Since ADA was endowed with low institutional flexibility, unclear role distribution with Ministry of European and International Affairs (BMeiA) and by far less funds than anticipated, this attempt was not successful. Other attempts failed, such as the ODA-path towards the EU ODA-target of 0.51% in 2008 or the "White paper approach" in 2009.

**Implementation of PD principles:** Under these circumstances, the implementation of the PD principles was restricted to the country programmable aid. In that small share of overall ODA (around 10% of total ODA), Austria is making slow but good progress towards the implementation of the PD.

**Potential for further progress** is limited because of the low priority of development cooperation in the Austrian political agenda, the unclear role distribution of the involved actors, the complicated processes and the inadequate formats of policy and strategy documents.

The involved actors searched solutions mostly in top-down procedures such as the amendment of the law on development cooperation (2003), the ODA path (2008), a "White paper approach" (2009) or in out-of-the middle procedures such as the interministerial strategic guidelines on Environment and

Development or Security and Development (2009-10), but these attempts did not achieve strong results or even failed. There was almost no attempt to adjust unsatisfactory existing instruments such as the Three Years Programmes (3YP) in bottom-up procedures.

**Assessing contextual factors:** There is no development cooperation strategy that could guide an overall implementation of the PD in Austrian ODA. Austria disposes of a specialized agency for Austria development cooperation, the Austrian development Agency, founded in 2004. Immediately after its foundation, ADA did embark on the implementation of the PD principles. The Ministry of European and International Affairs, responsible for coordinating Austrian development policy and for development cooperation, sets other priorities in the overarching agenda higher than PD principles, e.g. participation in UN councils or Austrian widespread visibility. The Ministry of Finances, responsible for contributions to the IFIs, gives the PD principles high priority, but implementation is to a great extent the responsibility of the supported IFIs themselves. The involved Austrian actors do not share the same view on the internationally legal binding character of the PD. In the absence of an overall development cooperation strategy, it is difficult to assess to which degree the approaches of the different actors are coherent and complementary. So far, evidence for direct influence of the PD principles on the country programmable aid is very limited (in 2009 around 45 % of new ADA commitments, representing approximately 5% of total ODA are actively programmed according to the PD principles).

**Assessing commitment:** The fall of the Austrian ODA volume by 31.2% in 2009 did reveal some structural problems in policy setting that did not receive sufficient attention in a large public before, as long as Austria scored well on the way to the EU 2010 ODA target of 0.51%. There is no domestic policy mechanism in place covering all Development Aid. Being a mixture between an overarching strategy and an operational plan for BMeiA and ADA, the 3YP cannot be used as such a mechanism in its present form. A shift to a politically endorsed medium-term development policy is therefore necessary for reducing overlaps and divergences among ODA and ADC. A decisive point for the Austrian commitment will be the Government programme for the 25<sup>th</sup> Legislation period 2014-17. Other commitments for individual targets of the PD, as e.g. increased joint missions and joint project implementation units, the further deployment of delegated cooperation, increase of the share of pooled funding, etc. are of minor importance but should nevertheless be tackled in a redesigned programming procedure.

**Assessing capacities:** Austria has remarkable capacities for delivering innovative solutions in small units in specific working contexts, but these efforts fall short of being extended to system-wide operational plans, to systematic mutual learning about potentials and risks. There is room for more delegation of competencies, for redefining working relations as well as for improving collaboration and exchange among the main parties. A rapid improvement of Austrian capacities could be



achieved, if the three main actors BMeiA, BMF and ADA would cooperate better, bringing bilateral and multilateral, financial and technical development cooperation into closer working relations under the following premises:

- Filling the gap at the head of the hierarchy of policy documents by an overarching Austrian strategy for development cooperation
- Reducing the total amount of policies, strategies and programmes at inferior level
- Transferring discussions from working groups into the line responsibilities
- Simplifying the division of labour among the three involved parties

The best means for remedying the problem of the limited deployment of capacities would be providing ADA with more institutional independence from BMeiA as well as a funding adequate to its size by an amendment of the federal act on development cooperation.

**Assessing incentives:** Incentives and disincentives are not well balanced. The staff of ADC has good intrinsic motivation. Disincentives stem from weak political support, missing overall development cooperation policy, distortions in ODA, a share of country programmable aid which is too small, inappropriate division of labour between BMeiA and BMF, unclear role allocation between ADA and the ministries, complicated communication of the Ministries with the coordination offices, inadequate volume of country programmes, and missing result orientation. Another hindering factor for result orientation is the Austrian cultural specificity to give higher priority to the willingness to do something than to the quality of its result.

**Assessing implementation issues:** At strategy level, PD principles are partly implemented in the 3YP and the interministerial strategic guidelines. They are fully implemented in the new country programmes for priority countries since 2010 and the strategic guidelines on IFIs. At operational level, they are fully implemented in ADA. However, they are scarcely implemented in other institutions. Increased complementarity and division of labour in the priority countries are likely to reduce duplications (because of less sectors and more donor coordination, etc.). But this positive trend is affected by adverse tendencies such as the increase of ODA fragmentation and the high number of overlapping policies and strategies. At financial level, the downwards trend in ADC represents an obstacle for implementing the PD principles. Multi-year commitments in the bilateral cooperation are still not sufficiently built up. In more than half of all ODA recipient countries, financial volumes are so small that proper programming cannot be done cost-effectively. The main problem with regard to mutual accountability is the missing platform for discussing Austrian political accountability at Government or Parliamentary level.

**Beyond the term of the PD:** The high degree of fragmentation in Austrian ODA is undermining its credibility of Austrian ODA.

Austrian has to reduce the number of recipient countries of small Austrian ODA contributions in order to avoid further reputation damages.

## Recommendations

### General Recommendations

- 1) **Repositioning Austrian development policy:** The external evaluator recommends to the Austrian Government: to carefully prepare the repositioning of Austrian development policy not only for a post PD period but much more so also for the next government programme.
- 2) **Designing new regional programmes according to PD principles:** The external evaluator recommends to the Austrian Government: sharpening the focus of future regional programmes (e.g. the Black Sea Region) according to the five PD principles.
- 3) **Step-by-step approach for restructuring Austrian ODA:** The external evaluator recommends to BMeiA: developing a step-by-step approach for restructuring Austrian ODA with the objective to create a legally binding, multi-annual financial framework for the overall ODA, setting deliberate priorities in strategic partnerships with other ministries.
- 4) **Streamlining strategies:** The external evaluator highly recommends to BMeiA and ADA: continuing the streamlining process that has resulted in some good achievements so far such as the two action plans 06-11 and 09-11, the new format of the country strategies, and the baseline for aid modalities despite the presumable difficult financial situation.
- 5) **Simplifying procedures:** The external evaluator recommends to BMeiA and ADA: creating transparency on strengths and shortcomings of the present ADC in a pragmatic approach, analysing the basic choices for the specific profiles in the concentration/fragmentation consequently, simplifying procedures, shifting more to a hands-on work style in the international development cooperation.

### Specific Recommendation to BMeiA

- 6) **Interministerial task group:** The external evaluator recommends to BMeiA to mandate its Division VII by establishing an interministerial working group at division level including representatives of the Ministries of Finance, Science and Research, Environment, ADA, and others, with the objective of defining a step by step approach for restructuring Austrian ODA. Tasks of the group should include:
  1. Assessing options such as an amendment of the law on development cooperation, a redesign of the 3YP, a clarification of the thematic priorities, the bundling of existing strategic instruments, a redesign of



ODA financing mechanisms, shifts in attribution of responsibilities among the Ministries

2. Prioritizing the options
3. Listing the necessary measures for implementing options with the highest priorities
4. Setting a proposal for implementation including a time-frame
5. Informing the Ministries involved in the task group on parallel notes on the proposal.

The first step above should at least include the adjustment of the 3YP to the requirements of the PD, namely by:

- a) Formulating objectives and related results with quantitative indicators
- b) Making reference to objectives and results achieved in the prior programme period
- c) Making clear-cut reference to international agreements and Austrian commitments
- d) Distributing responsibilities for results among the involved Ministries.

#### **Specific Recommendation to BMeiA division VII**

- 7) **Focus on strategies:** The external evaluator recommends to BMeiA Division VII to concentrate on timely delivery

of concise strategic guidelines that include clear-cut distribution of responsibilities, planned results, planned financial inputs, and to reduce operational programming.

#### **Specific Recommendation to ADA**

- 8) **Reduce and simplify strategies, concepts and programmes:** The external evaluator recommends to ADA to reduce duplications of documents (e.g. company statute/company concept, working programme/sectoral working programme) and overlaps (e.g. 3YP – working programme); to reduce own policy considerations in all documents, and to refer to policy documents of Austrian or partner governments where necessary; and to include in all documents review-outlook comparisons and results backed by indicators.

#### **Specific Recommendation to Austrian NGOs**

- 9) **Shift from appeal to alliances:** The external evaluator recommends to NGOs to strengthen their domestic advocacy competences, to argue less in methodological or project implementation terms but more in political terms, and to forge stronger alliances in campaigns.

# Evaluation of the Implementation of the Paris Declaration

## Donor Study

### IRELAND

## Executive Summary

### Background

- i. This is a joint evaluation that assesses Ireland's ability to implement its international aid effectiveness commitments, as set out in the 2005 Paris Declaration and the 2008 Accra Agenda for Action. It is one of several similar exercises that contribute to a wider evaluation into aid effectiveness. The team comprised an independent evaluator (who led the work) and two senior staff from the Department of Foreign Affairs. Findings are those of the team alone.
- ii. This exercise primarily considered three institutional dimensions; a) commitment b) capacity and c) incentives within Irish Aid (and across government) to further aid effectiveness. Like the other donor HQ evaluations, the focus was institutional capacity, not conclusions on how well Ireland was implementing its commitments, although the team were asked to comment on some specific achievements. A set of partner country evaluations is being undertaken which will provide firmer conclusions on whether aid delivery has improved.

### Irish Aid

- iii. Irish Aid is the Development Co-operation Division of the Irish Department for Foreign Affairs (DFA). It transferred nearly € 4.5 billion between 2005 and 2010 to governments, multilaterals and NGOs, 80% being spent in Africa. It provides over € 1 million annually in a total of 48 countries, prioritising work in Ethiopia, Lesotho, Ma-

lawi, Mozambique, South Africa, Sierra Leone, Tanzania, Timor Leste, Uganda, Vietnam and Zambia.

- iv. Ireland had progressively increased its Overseas Development Assistance allocation up to 2008 and retains the aim of meeting the 0.7% UN target of Gross National Income (GNI). However, as a result of the global recession, aid allocations were reduced in 2009 by 29% from the previous year's budget, resulting in a 2009 spend of € 464.6 million. ODA as a percentage of GNI remains at 0.54%, down from a peak of 0.59%.
- v. Irish Aid is a comparatively small organisation, with less than 300 staff in total across all its locations. In Ireland it is based in Limerick, away from the main Department of Foreign Affairs HQ in Dublin (though it also retains a presence there). This relatively small number of personnel enables a collaborative, positive and open culture to be maintained. However, there are concerns about a recent rapid turnover of staff and associated retention of skills. Additionally, having a split location appears to be making it more difficult to recruit diplomatic staff into Irish Aid from the rest of the Department of Foreign Affairs.

### Key Findings

#### Commitment

- vi. Commitment to aid effectiveness in general and to Paris and Accra principles in particular is high in Irish Aid. Staff understand and own not just the letter but the spirit

of these principles. As a recent OECD/DAC Peer Review noted, Ireland is leading efforts to develop common approaches to aid effectiveness, particularly in Europe. While commitment is strong, respondents acknowledge more can be done. The rest of the Department of Foreign Affairs has not fully absorbed the agenda. Some elements were prioritised (partnership, alignment, harmonisation) with others (notably managing for development results) taking longer to be fully adopted. However, against an already high level of commitment by politicians, managers and staff, it was notable that respondents were self critical and anxious to improve.

### Capacities

- vii. There are no policy constraints to achieving Ireland's aid effectiveness undertakings. Irish Aid explicitly ensures consistency of policies and plans with Paris and Accra obligations. A Policy Planning and Effectiveness section owns and drives this process, reviewing and commenting on new plans. A dedicated action plan was put in place to ensure implementation of the Accra Agenda for Action. However, while policy and planning are excellent, more could be done to report on how these plans are implemented. Reporting on performance is not yet fully developed, and there is no effective performance-related management information system on aid effectiveness. This is a key deficit.
- viii. Irish Aid emphasises financial accountability, with a strong role for auditors at HQ and in the field. While important, these skills need to be complemented with Public Financial Management expertise. The focus on accountability to Irish taxpayers has not inhibited support for country-led approaches. Indeed there is a recognition that partners are clear about the need for mutual accountability, including in relation to financial probity. Ireland supports strengthening of country system capacity in these areas.
- ix. Irish Aid has been forced to constrain its planned increase in aid spending due to the global recession. It sought to act responsibly as it reduced budgets, favouring bilateral obligations over other parts of the programme and activities that sought to drive improved harmonisation (such as the UN Delivering as One reform pilots). It also acted to communicate rapidly to partners once decisions were made. Clearly, however, this had an impact on Ireland's ability to deliver predictably.
- x. Staffing policies support efforts to improve how aid is delivered. There is a high level of operational delegation and innovation is enabled on the whole. In recent years, largely as a result of the aid effectiveness agenda, there has been a rebalancing of skills away from reliance on technical expertise to ensuring personnel can also provide leadership and advocacy among peers and with partners; what might be termed the more diplomatic competencies.

- xi. The key immediate risk that might undermine Irish Aid's future achievement of aid effectiveness commitments relate to staff skill levels, retention and turnover. A result of both the move to Limerick and government-wide embargoes on recruitment and promotion, the institutional competencies and experience within Irish Aid will have to be carefully monitored.

### Incentives

- xii. Paris Declaration and Accra Agenda for Action priorities are seen as a means to advancing Irish foreign policy. Ministers take an active interest in the agenda, as do other parliamentarians. This is a key driver. However, and notably, there is little external pressure placed on Irish Aid to improve its aid delivery from wider civil society. Engagement in the agenda by academics, and indeed NGOs (even those funded by Irish Aid) should be stronger. Staff are given incentives and guidance on aid effectiveness implementation, and there are no constraints on, for instance, the choice of modalities. An interesting reflection from respondents was that they sometimes felt inhibited by partners or peers commitment to aid effectiveness, with Irish Aid staff being the primary advocates for the agenda.

### Other issues

- xiii. Irish Aid's practice is to work in a highly collaborative way, both operationally and in the development of policy. However, its assistance can be fragmented; while a small donor it supports many NGOs and around 30 UN agencies, with little knowledge of the results achieved in each. In some cases, funds are transferred to NGOs in country without the Irish Aid country office being informed.
- xiv. The predictability of funding has been hampered by the constraints placed on ODA as a result of the reduction in the government-wide budget. Ireland has always sought to minimise conditionality.
- xv. While it appears transaction costs have reduced, there is no definitive data on the costs of implementing the aid effectiveness agenda.
- xvi. There is recognition of the need to improve policy coherence across government in interventions concerning trade, agriculture, climate change, food security, environment and defence.

## Key Recommendations

### Senior Management – Irish Aid

1. Maintain the leadership role that Ireland has assumed in furthering aid effectiveness at country and multilateral levels.
  - Deepen understanding and commitment across the Department of Foreign Affairs.

- Maintain the current policy commitment and allocated resources.
  - Strengthen policy coherence across government departments.
  - Extend the length of each overseas posting to four years.
  - Build staff skills for aid coordination and negotiation, particularly pre-posting.
2. Develop more systematic dialogue within the Department of Foreign Affairs and across Irish Aid on the implementation of the Paris Declaration and Accra Agenda for Action principles.
    - Policy Planning and Effectiveness (PPE) section to comment on how annual reports reflect effectiveness and system-wide coherence.
    - PPE to provide concise annual report on performance on aid effectiveness.
  3. Continue to make results management, impact assessment and monitoring, and evaluation and audit more robust.
    - Ensure there is sufficient management information to make judgements on the comparative effectiveness of aid across the programme.
    - Use management information on performance and effectiveness more systematically to make decisions on allocations.
    - Consider how to use performance criteria to inform allocations between programme countries and the different CSOs and multilateral agencies.
    - Avoid the danger that results frameworks become too complicated to be useful.
    - Ensure that all elements of the programme are subject to equal scrutiny.
    - Ensure that Audit Committee deepens its practical experience and expert knowledge of Public Financial Management in a developing country context.

### Senior and Middle Management – Irish Aid and Embassies

4. Continue to strengthen management practices in accordance with Paris Declaration and Accra Agenda for Action principles.
  - The role of local staff could be enhanced by delegating more responsibility and increasing skills.
  - Managers in Irish Aid should ensure that aid effectiveness behaviours are included in staff role profiles and assessments.
  - Induction programmes for staff new to Irish Aid should continue to include a module on aid effectiveness.
  - A mentoring system for new staff should be established that explicitly seeks to transfer knowledge of how to operate according to best practice.
  - Strengthen staff skills on Public Financial Management in a developing country context.

### Senior Management – Department of Foreign Affairs

5. The strategy for engagement of the Department of Foreign Affairs with the public on international development should continue to evolve.
  - Enable the public, civil society organisations, academics and politicians to understand better how Ireland is delivering aid according to best practice.
  - Deliver different messages to different audiences, using different channels.
  - Integrate Irish Aid objectives fully into the DFA's public diplomacy strategy.
6. The Department of Foreign Affairs needs to ensure that Irish Aid remains attractive to all staff employed in the Department (diplomats, general service staff and development specialists).
  - Carefully manage the challenges posed by the move of the main Department to Limerick.

# Evaluation of the Implementation of the Paris Declaration

## Donor Study

### JAPAN

## Executive Summary

### 1 Purpose and Background

Under the evaluation framework of the Paris Declaration, the central mandate of “Donor/Agency HQ Studies” is described as to “supplement and strengthen the basis for the main focus of the Phase 2 evaluation; a strong set of Country-level Evaluations”. Accordingly, the main focus of “Donor/Agency HQ Studies” – which our Evaluation Team has carried out – is placed on the *input and output level*, with a particular interest in answering the following question: “How the Paris Declaration is understood and interpreted at the HQ level, and how such interpretations are reflected in the assistance policies and processes?”

Recognising the backdrop of the PD evaluation as described above, our Evaluation Team has carried out research and analytical work based upon the Generic ToR, thus placing particular emphasis on understanding the following two questions: “how the Official Development Assistance (ODA) system of Japan has interpreted the Principles and Partnership Commitments of the Paris Declaration, and how such interpretations have been reflected in the country’s policy actions?”; and “whether or not such policy actions can be assessed as being consistent with the Paris Declaration, by ultimately targeting at improving the overall efficiency of the country’s development assistance processes?”

### 2 Overall Conclusions

#### 2.1 Assessing Japan’s Implementation of the Paris Declaration

While Japan’s overarching policy documents appear to indicate somewhat ambiguous stance with regard to the princi-

ples of *harmonisation and mutual accountability*, when we look at the agency or individual staff level, we can observe quite a few undertakings that closely correspond to each of the PD principles, including those two mentioned above.

However, with particular regard to the principles of *managing for results and mutual accountability*, the Evaluation Team recommends that Japan should strive to further expand the provision of technical assistance, along with similar efforts by other donors, in order to reinforce the administrative capacities of partner countries to pursue these principles.

#### 2.2 Assessing Japan’s Commitment to the Paris Declaration

As far as its principles of *ownership, alignment and managing for results* are concerned, Japan’s commitment to the Paris Declaration, as it appears in the overarching policy documents, can be assessed explicit (being clarified in most overarching policy documents), consistent (having appeared since the old ODA Charter approved in 1992), and further enhanced (i.e., being given concreteness by the PD Action Plan).

Although *harmonisation* is one of the most important among the PD principles in terms of aid effectiveness, Japan’s commitment to the principle, as it appears in the overarching policy documents, is assessed relatively weak or ambiguous. The ODA Charter and the Medium Term Policy allude to *harmonisation* in the words “coordination” and “collaboration”, but do not clearly claim that Japan collaborates with other donors in order to harmonise their assistances. It is unexplainable that the PD Action Plan, which is dedicated to implementing the Paris Declaration,

lacks a clear-cut reference to *harmonisation*. Even the ODA Review Final Report, the latest and forward-looking overarching policy document on ODA, does not directly advocate for *harmonisation* but only requires increasing aid-coordination specialists. JICA's Mid-term Plan is a rare exception in making decisive and fruitful assertion of *harmonisation*.

The remaining PD principle of *mutual accountability* is not mentioned in any main ODA policy documents with the exception of JICA's Mid-term Plan. Although its undertakings are practically observed in several activities, Japan's explicit commitment to, or leadership for the principle can scarcely be recognised.

Furthermore, as our questionnaire survey revealed, the actual content (principles and details) of the Paris Declaration is not so well-absorbed by the ODA staff at overseas posts. In addition, amongst the five principles of the Paris Declaration, the level of understanding of overseas ODA officials with regard to *managing for results* and *mutual accountability* appears to be lower than that with the other three principles.

### 2.3 Assessing Japan's Capacities for the Implementation of the Paris Declaration

It can be concluded that Japan has made substantial progress in the capacity facet, in light of the Paris Declaration. Among other things, it could be said that Japan is in the leading position in terms of South-South Cooperation engaging the emerging donors, especially Asian countries such as Malaysia, Singapore, Thailand, etc. On the other hand, there are three points which could bear improvement.

Firstly, Japan has made significant progress in both systemic and institutional capacities. Japan's recent efforts include joining budget supports, inter-institutional reform between JICA and JBIC, intra-institutional reform of the MOFA and the JICA, and so on. Only a few years into the new administration structure for ODA policy formulation/implementation, it is still too early at this stage to draw definitive conclusions as to whether the institutional reforms to both MOFA and JICA have born their intended outcomes, and/or whether further improvements would be necessary. However, for accountability purposes, it is recommended that the Government of Japan makes an effort to identify and evaluate the outputs and outcomes of the progress in capacities in light of aid effectiveness. In particular regard to the budget support, the Evaluation Team believes that the Government of Japan should clarify the criteria or the factors that it considers when deciding whether or not to provide the budget support to a particular partner country, since that would help explain why the overall number of the partner countries provided with Japan's budget support is still limited as of September 2010.

Secondly, it is claimed that Japan's delegation of authority to the field level has made progress, but there is still room for improvement. In particular, considering the findings of the Evaluation Team's questionnaire and interview surveys, donor

coordination-related activities may be one area where Japan could reinforce the decision-making authorities of the field offices, which will most likely strengthen Japan's responsiveness to the fast-paced evolution of donor-coordination activities at various partner countries.

Lastly, Japan's personnel posts such as Coordinator for Economic Cooperation of the MOFA and the Project Formulation Advisor of the JICA, that consist of temporary employees at present, are substantially devoted to the aid coordination. According to a specialist's observation, staff members are directly involved in aid coordination at the field level in the partner countries where Japan's engagement in aid coordination is relatively successful. Therefore it would be recommended to strengthen staff members' involvement with aid coordination and/or share more experiences on aid coordination between temporary employees and staff members and among temporary employees (coordinators and his/her successors) – in order to accumulate Japan's institutional memory on the aid coordination.

### 2.4 Assessing Japan's Incentives/Disincentives for the Implementation of the Paris Declaration

As a whole, there are both incentives and disincentives for the implementation of the Paris Declaration in Japan. Although a certain number of staff at agency-level and field-level are intently working, both governmental, explicit commitments and institutional follow-ups are insufficient to motivate individuals. For further assistance, given that agency staff in the field offices (both Economic Cooperation Divisions of Japanese Embassies and JICA offices) are still in need of more powerful leadership by the government and immediate managers; more concrete and comprehensive guidelines, training and support would be useful to promote incentives to comply with the PD principles for ODA agencies and working staff. Also, as for utilizing the specialist personnel in MOFA, it is significant to introduce a career path programme for those who aspired to a career in the field of development assistance.

With regard to the government level assessment, although Japanese government has engaged in policy coordination among institutions, beyond ministries involved in development assistance to accomplish policy coherence of overseas economic assistance, it is not much more than ODA-bound coordination. In order to pursue development effectiveness in partner countries, ODA and non-ODA policies should be coherent and mutually supportive of developing countries, corresponding to the philosophy of the Paris Declaration. Consequently, there is need for a lot of legitimate and authorized commitment by the government to promote policy coherence for development in order to overcome the ODA/non-ODA policy boundary.

## 3 Recommendations

First of all, the Evaluation Team recognises a strong need for enhanced educational efforts, such as a more frequent hold-



ing of the distance seminar to ODA Task Forces with a focus on the Paris Declaration and its principles, so that the officials engaged in the ODA field can have more intensive exposure to the accumulated experiences of the PD implementation. As our questionnaire survey revealed, the portion of ODA officials who are well acquainted with the actual content of the Paris Declaration appears to be insufficiently small-sized. This situation certainly needs to be improved, if Japan opts to take a leadership role in navigating the future course of the Paris Declaration beyond Year 2010.

Secondly, based upon the surveys we have conducted, the Evaluation Team recommends that the Government of Japan should make a more clear-cut revelation of its will of commitment to, or leadership for the promotion of *harmonisation*, which constitutes a crucial part of the PD principles. Although the essential function of *harmonisation* can be viewed as to complement or strengthen the principle of *alignment* – as is asserted by the Government of Japan – it is nonetheless *one of the PD Principles* to which every signatory member is supposed to attach an *equal* level of commitment for implementation.

On the other hand, as our interview and questionnaire surveys both revealed, the actual cases of undertakings in the spirit of aid harmonisation can in fact be recognised as increasing in number nowadays. This attests to the fact that the appreciation of the harmonisation principle has gradually penetrated internally within the Government of Japan, at both the agency and individual level. However, in order to solidify the commitment to the harmonisation principle as an integral position of the government, and in order to clarify that for the benefits of the general public, it is still well advised that the Government of Japan make a clear-cut statement to that effect as part of an overarching policy document, such as the ODA Charter. Alluding to the harmonisation principle, simply as part of commitment statements for the alignment principle, does not suffice for the aforementioned purpose.

Furthermore, expressing a clear-cut governmental commitment to the principle of harmonisation should effectively convince the domestic civil society that sharing resources and approaches for development assistance with the other members of the international donor community is of significant value in today's context. As is often said, the general public of Japan tends to be inclined toward a mode of ODA provision that signals *who makes aid contributions* (visibility/distinctiveness of Japanese aid contributions), which does not necessarily sit amicably with the principle of harmonisation. However, as the focus of international development efforts seem to concentrate more and more on the Sub-Sahara African region, where Japan relatively lacks experience of providing ODA, it is crucial that Japan proactively harmonises its assistance approach

with the other more experienced donors, in order to improve the development effects of the ODA it provides to that region. Furthermore, given the stringent budgetary conditions which the Government of Japan is faced with, strengthening the harmonisation approach is of critical importance, as it can promote the “cost and benefit” efficiency of Japan's ODA by enabling it to focus on areas where Japan holds a comparative advantage.

In this regard, the Government of Japan needs to reinforce its public relations strategies so as to construct and solidify the general public's support for the pursuit of *harmonisation* principle. Moreover, it is critical that such PR efforts for the pursuit of the harmonisation principle are carried out not only by MOFA and JICA, but also by other actors, especially the Diet (Japan's legislature), who is deeply engaged with the ODA policy, and thus carry a significant level of responsibility for explaining to the domestic constituency what is expected of Japan in relation to the international donor community. It is also important that these actors collaborate with other actors such as NGOs, academia and mass media, in order to extend the outreach of the PR efforts, thereby establishing a broader, and deeper public support for Japan's commitment to the principle of harmonisation.

The same recommendation is applicable to the principles of “*mutual accountability*”, to which the Government of Japan has also shown somewhat ambiguous commitment. As is the case with the principle of harmonisation, the actual cases of undertakings that adhere to these principles can be observed, both at the agency and individual staff level. Therefore, as we discussed with regard to the harmonisation principle, in order to solidify the commitment to the mutual accountability principle as an integral position of the government, and in order to clarify that for the benefits of the general public, it is well advised that the Government of Japan make a clear-cut statement to that effect as part of an overarching policy document, such as the ODA Charter.

As many of the respondents to our questionnaire survey replied, seeing a well-articulated commitment at the highest level of the government is one of the most powerful incentives for them to strive towards fulfilling that commitment on behalf of the government. Whilst the Government of Japan indeed has introduced a wide range of incentive measures for the promotion of the “aid effectiveness” agenda, making a clear-cut commitment to both the “harmonisation” and “mutual accountability” principle at the overarching policy level will further improve the effectiveness of those incentive measures, thereby strengthening the leadership role of the Government of Japan in navigating the future course of the Paris Declaration.

# Evaluation of the Implementation of the Paris Declaration

## Donor Study

### SPAIN

## Executive Summary

The Spanish evaluation process has been particularly thorough in ensuring the methodological and temporal parameters, as well as the scope of the evaluation, that were established in its original design. In this respect, special attention has been paid to define the following: a) the time frame for evaluation (Master Plan II, 2005/2008, and the first two years of the Master Plan III, 2009/2012); b) the institutional range and c) the geographical scope, including the case studies of the Autonomous Communities of Catalonia and Extremadura, as well as Bolivia and Senegal, even though the bulk of the evaluation focused on governing and aid managing bodies of the Ministry of Foreign Affairs and Cooperation (MAEC) (e.g., the State Secretariat for International Cooperation (SECI), the Directorate-General for Planning and Evaluating Development Policies (DGPOLDE); and the Spanish International Cooperation Agency for Development (AECID)).

### Main findings and conclusions

The evaluation results highlight a series of key issues within the PD implementation process within Spanish Cooperation as a whole, but especially in the central system (SECI, DGPOLDE, AECID). According to the findings of the first phase of the PD evaluation, these results are related to the three conditions enabling its implementation: **commitment and leadership** with regards to the Paris Declaration, **capacity** to take action, and **incentives** for its implementation.

#### Commitment and leadership

The evaluation highlighted the following aspects with regards to the adaptation to and motivation for change, to the degree

of change and ownership at different levels of the system, and to how the changes are perceived. The evaluation highlights the following:

- The Spanish Cooperation's policies and strategic documents reflect, to a good extent, the effectiveness agenda, indicating the agenda's importance and assimilation with the Spanish Cooperation, particularly by the Central System (SECI, AECID, DGPOLDE).
- Sets of strategic and operational tools that allow for its application are being defined. Thus, the strategic planning exercises targeting the Spanish Cooperation system (Country Partnership Frameworks) and the operational planning exercises (in the AECID), as well as the Strategic Partnership Framework Agreements with Multilateral Organisations are processes which – should they be institutionalised – will be key elements for promoting the implementation of the Paris Declaration and the Accra Agenda for Action.
- The decentralised cooperation is starting to identify how to transform the existence of multiple actors into an opportunity to foster aid efficiency at multiple levels by working from and with decentralised government bodies in partner countries. This is particularly true in the case of those Autonomous Communities with more experience in the field of development cooperation.
- Other relevant actors, such as non-governmental development organisations (NGDO), are making significant progress in articulating the Accra Agenda with their own

processes, identifying what and how they can improve aid effectiveness from their own sphere of action within the cooperation landscape.

- The evaluation also highlights the following issues:
  - The pace with which this group of measures is finally launched in order to put the principles of the Paris Declaration into operation, and the leadership to support and apply the processes through which these measures are developed, are neither sufficient nor consistent.
  - The current situation demands that a roadmap (which is not available at the moment) be defined. This roadmap should include realistic expectations, clear and comprehensive commitments to new processes, such as the Partnership Frameworks and Operational Programming, and to management tools, followed by demonstrated efforts to define and share this roadmap with the larger Spanish Cooperation community.
  - There are limited measures for monitoring and evaluating commitments and holding stakeholders accountable within the Spanish Cooperation system. This is linked to the need to develop an evaluation culture that allows for ad hoc decision-making.

### Capacities

This evaluation focused primarily on the institutional capacities within the Spanish Cooperation, and particularly within the Central System (SECI, DGPOLDE, AECID), to meet commitments and provide effective leadership. The staff's knowledge and understanding of the PD, the degree of current adaptation of institutional capacities, and how the impact of changes is perceived at field office level were analysed. The evaluation highlights the following:

- The open and transparent strategic and operational planning processes are exposing deficiencies in institutional and individual capacities that require practical solutions. Attention should also be paid to securing adequate information systems, and training personnel to implement and assume responsibility for Management for Development Results practices. To achieve this, it is essential that senior management teams support these measures and that accountability measures are in place at all levels of the system.
- The analysis of good practices and processes that generate critical know-how needed to make the appropriate effectiveness changes has shown that the strategic and operational planning exercises (Operational Programming, Partnership Frameworks), as well as the creation of discussion and proposal groups on effectiveness within the Central System (Aid Effectiveness and Quality Work Group, Operational Programming Committee and Group) have been adapted effectively to this process. This reinforces the relevance of initiatives targeted at expanding the knowledge and understanding of the

elements of effectiveness, as well as the on-going nature of this process, based in practice and fortified by opportunities for feedback and follow-up.

- Within the organisational restructuring process, mainly at the central system level, there is a clear and visible improvement. These improvements are mainly the result of creating specific planning and quality units (UPC), Programme Assistance units, while also creating new cross-sectional work groups within the Spanish International Cooperation Agency for Development (AECID), as well as formalising existing ones.
- Decentralisation is a key issue for the implementation of the PD, and one that has not yet been fully tackled. The new tools (Partnership Frameworks and Operational Programming) contribute to the redefinition and appropriate distribution of roles and responsibilities between headquarters and the field (and internally), as well as the improving relationships and coordination between organisations and units.
- The evaluation exposes existing limitations to identifying the results and indicators that are expected from each person and team in relation with the implementation of the PD (for example, AECID Management Contract), and from tools for monitoring (processes and results) and further evaluations (key for decision-making).
- Despite efforts made to increase coverage and to regularise human resources, especially in AECID Technical Cooperation Offices, there are still a number of key issues that must be addressed: a) team stability and consistency in Spanish Cooperation, and, therefore, improving knowledge management and creating an efficient distribution of roles and responsibilities required by an effectiveness agenda; b) the possibility to develop a professional career within the sector, including mobility between headquarters and field offices, and among organisations (both at international level and between public and private entities); and c) defining and ensuring coherent roles and profiles for various positions.
- The current capacity of the system to generate and manage meaningful feedback is not sufficient to effectively reflect the progress and limitations in the implementation of the PD, nor to share and socialise experiences in an efficient manner.

### Incentives

Lastly, the evaluation focuses on the specific incentives offered to staff in order for them to fulfil the objectives of the effectiveness agenda, and on the perception of potentially discouraging factors. In this section, the study also addresses the practical application of the Management for Development Results approach. The evaluation points out at least three issues:

- Regardless of the possibility to develop an incentive system, the fact that processes are not institutionalised or completed and lack continuity is one of the major disincentives for staff.
- Currently, staff performance in achieving the aid effectiveness objectives are not linked to greater possibilities of professional development and promotion.
- The limited progress in effectively implementing a Managing for Development Results (MfDR) System, which should have been implemented in 2010, negatively impacts the Spanish Cooperation system because the latter moves forward without having objective qualitative and quantitative indicators to measure the Official Development Assistance results. Spain's 2009 International Cooperation Action Plan (PACI) committed to establishing an MfDR System by the end of 2010, in response to the III Master Plan.

## Main recommendations

The recommendations have been drawn up on the premise that the ongoing strategic planning processes at their different political, institutional, and operational levels, can be the key areas for improvement in order to successfully implement the Paris Declaration and the Accra Agenda for Action.

**Figure 1. Planning process: policy, institutional, strategic and operational levels**



### Recommendations focused on the central system (SECI, DGPOLDE, AECID)

#### Commitment and leadership

- Reposition the AECID Management Contract (MC) as a strategic reference that establishes a clear approach to aid effectiveness. Increase its utility by organizing the specific actions within the MC into a logical sequence (road map) with adequate specificity and definition to facilitate monitoring and evaluation.
- Institutionalize the management process of the Partnership Frameworks within the cooperation system and the AECID Operational Program. Ensure a sustained commitment from senior management.
- Develop an integrated information system that contributes to the implementation of strategic processes (in the planning, monitoring, and evaluation stages).

- Articulate and integrate the different strategic planning and operational processes, maintaining the momentum of the planning phase during the monitoring and evaluation phases. Follow through on institutional processes and capitalize experiences.
- Develop the Action Plan for Aid Effectiveness as a road-map for Spanish Cooperation, ensuring widespread participation and ownership from throughout the system.

#### Capacities

- Adapt and improve the consistency between job descriptions and responsibilities, and create strategies that encourage mobility between headquarters and the field.
- Link changes in functions at headquarters and the field to the overall decentralization process. Develop manuals defining specific roles and responsibilities as a way to overcome deficiencies in the staffing and operational structure.
- Integrate training and capacity building into operational processes. Educational initiatives are most effective when they are based in direct practice, with emphasis on support and feedback.
- Encourage spaces and channels of communication and coordination among the institutions that form the central system for Spanish Cooperation (SECI, DGPOLDE, AECI), between departments, between headquarters and field, and among field offices.
- With leadership from senior management, ensure the stability of, strengthen, and support operational units, work groups and teams committed to implementing the aid effectiveness agenda.

#### Incentives

- Develop and execute a career development plan and a system of incentives that reflect PD principles (AECID Management Contract).
- Assume the decision and task of integrating aid effectiveness indicators throughout the system so that they no longer are only associated with budget management.

### Recommendations related to the central system's external context

#### Commitment

- Recognize and value the initiatives being spearheaded by the decentralized cooperation actors to identify specific opportunities and PD-related development priorities that reflect their particular perspectives and realities.
- Develop a strategy to disseminate information about, and increase understanding of, aid effectiveness at all

levels of Spanish cooperation. Convey the relevance of the Partnership Frameworks and how each actor relates to them.

- Clarify the involvement of different Spanish actors, including Ministries and other units outside the Central Government, in ongoing processes in Spain and abroad, with a special emphasis on the Partnership Frameworks.
- Promote the development of an integrated information system with other actors within Spanish Cooperation that will improve multilateral cooperation operations, with a special focus on enabling timely decisions and fomenting complementarity between bilateral partners.
- Promote coordination at multiple levels and between Ministries based on operational agendas.
- Promote active and sustained participation of the governing, advisory and coordinating bodies in tracking and monitoring progress toward Spain's aid effectiveness goals.
- Maintain an active and influential presence at the international level. Continue and further support for Triangular and South-South cooperation.

## Summary of main lessons learned

Finally, the evaluation highlights important lessons learned from the Spanish Cooperation's experience in implementing the aid effectiveness agenda.

- The evaluation indicates how important the **system's capacities** to implement and consolidate relevant processes are in determining the impact of the aid effectiveness agenda. It highlights the importance of the system's ability to adapt its structure, organization, and human resources to new standards and procedures, and that these adaptive measures are realistic and properly sequenced given existing internal capacities.
- The analysis reflects the importance of bridging the gap between discourse and **practical implementation** in terms of the aid effectiveness agenda. This process has to do with creating intentional training initiatives, taking advantage of existing spaces and/or exercises for strategic and operational planning, and creating opportunities for exchanging experiences and practices (not just information) at all system levels.
- **The system's capacity to generate meaningful and useful feedback** (and, by extension, learning and incorporating new elements for more effective aid) is one of the most critical areas for improvement.
- In practice, **internal and external instruments to monitor PD implementation and progress** are not being converted into meaningful feedback for the Spanish Cooperation system. This should reinforce the need for internal and comprehensive information and monitoring systems that support the effective incorporation of PD principles and guidelines into operational work streams and inform and facilitate relevant decision making processes.
- Finally, the evaluation exposed a number of promising examples of how incorporating **high quality systems** into some of the Spanish organisations and structures can contribute to a more effective and efficient management of aid. It is critical that these examples serve as models and are adapted to the specific context and characteristics of the development cooperation sector.

# Evaluation of the Implementation of the Paris Declaration

## Donor Study

### SWEDEN

## Executive Summary

### Purpose and background

As part of the agreement on the Paris Declaration on Aid Effectiveness 2005, an international monitoring and evaluation mechanism was introduced. At the meeting in Accra, where the Accra Agenda for Action was endorsed, the first phase of the evaluation was completed. Later the same year Phase 2 was launched. This phase of the evaluation included 28 country evaluations and seven headquarter studies on the implementation of the Paris Declaration. The findings from Phase 1 and Phase 2 respectively will be synthesised and reported at the High Level Forum in South Korea November-December 2011.

This evaluation is one of the seven headquarter studies that together with the country evaluations and a number of special studies will form the synthesis report.

### Methodology

The evaluation deals with the Swedish implementation of the Paris Agenda, not with its effects. It is focused on Swedish bilateral development cooperation through Sida's headquarters. It should, however, be noted that the degree of delegation to embassies is high.

The Swedish cooperation through multilateral channels – approximately half of Swedish development cooperation – is mentioned but not analysed. Primary data has been collected through review of documents, interviews and a questionnaire. The analysis is of a qualitative rather than quantitative character.

### Overall conclusions

The Paris Declaration and the Accra Agenda for Action are two crucial agreements, which when implemented, increase the effectiveness of development cooperation as tools in achieving development results. It is equally clear that the Paris Declaration and the Accra Agenda for Action cannot be applied uniformly in all countries with which Sweden is a partner in development. Contexts do matter. The principles contained in the Paris Declaration do not carry the same weight in all countries. In some countries, non-alignment is a deliberate choice given the political conditions in that country. This may also change over time. The practical application of the Paris agenda and the Accra Agenda for Action, therefore, needs to be constantly revised and updated as contexts change.

### Key lessons

It is not possible to give a firm answer to whether recent changes in Swedish development cooperation have also been a result of the Paris Declaration as many of the elements of the Declaration were already present in Swedish development cooperation before 2005.

The Swedish Government has incorporated much of the Paris Declaration in steering and policy documents and Sweden has been highly active in advancing the aid effectiveness agenda internationally.



The progress of implementation has varied between contexts and sectors. Sweden has a long tradition of emphasising national ownership, and the status in this area seems to be good.

In relation to *alignment* there has been progress in respect to several indicators.

The progress and status in relation to *harmonisation* is satisfactory, and this seems to be the principle in which most achievements have been made.

Despite a number of initiatives from Sida and Swedish government/Ministry for Foreign Affairs much still remains to be done in implementing *managing for results*.

Hardly any signs of progress are found in terms of *mutual accountability*<sup>1</sup>, and the practical implications of this principle are not well understood.

The fundamental principles of the Paris Declaration generally enjoy strong support and commitment at all levels of Swedish development cooperation.

Capacity raising measures have been taken and the quality of for example training and guidelines appears to be high.

There are practically no specific incentives, neither at individual nor at organisational level, to facilitate the implementation of the Paris Declaration. What drives the implementation process, apart from formal steering and strong signals by government, is rather the commitment of individuals to contribute to better and more effective aid, as well as a belief that the Paris Declaration can be a part of this endeavour.

The practical application of the Paris Declaration and the Accra Agenda for Action needs to be constantly revised and updated as contexts change.

## Key recommendations

Based on the observations and conclusions in this report, the government, the government offices/Ministry for Foreign Affairs and Sida are recommended to address the following issues.

### The government is recommended to:

- *advance* the aid effectiveness agenda both internationally and at country level, and, recognising different contexts, operationalise the Paris Declaration and Accra Agenda for Action;
- *maintain* reporting to Parliament on results of international development cooperation, with emphasis on challenges and opportunities to improve aid effectiveness;

<sup>1</sup> Although a reportedly higher degree of predictability due to longer-term commitments might be a sign of progress.

- *communicate* efforts on “Managing for Results” and “Results-based Management”;
- *clarify* the applicability of Paris/Accra in fragile and conflict/post conflict states, Eastern European countries and so called Category 4 countries.

### The government offices/Ministry for Foreign Affairs and Sida are recommended to:

- *advance* the aid effectiveness agenda both internationally and at country level, and, recognising different contexts, operationalise the Paris Declaration and Accra Agenda for Action;
- *maintain* the dialogue between the government offices/Ministry for Foreign Affairs and Sida in line with the Joint Action Plan, to facilitate further implementation of the agenda;
- *enhance* the system for competence development in a way that maximises knowledge sharing and learning between headquarters and embassies;
- *include*, in training programmes, training modules covering aid effectiveness, coordination and negotiation in complex environments;
- *ensure* that staff, both at headquarters, and embassies, deepen the experience and expert knowledge of Public Sector Management in a developing country context;
- *enhance* and increase the use of skills of local staff.

### The government offices/Ministry for Foreign Affairs is recommended to:

- *communicate* the Paris Declaration and the Accra Agenda for Action, as an instrument for advancing the aid effectiveness agenda;
- *communicate* the relations between the five principles of the Paris Declaration, as well as the meaning and practical implication of each principle, in particular the principles of “Managing for Results” and “Mutual Accountability”;
- *ensure* that results frameworks are useful and easy to understand;
- *develop* means to enable the public, civil society organisations, academics and politicians to better understand how Sweden is delivering aid according to the effectiveness agenda;
- *communicate* the difference and relationship between the policy for global development and international development cooperation.

### **Sida is recommended to:**

- *seize* the opportunity when reorganising Sida to provide the necessary conditions and resources for implementation of the aid effectiveness agenda;
- *ensure* knowledge and understanding among staff of the Swedish governance model;
- *ensure* understanding of the Paris Declaration and Accra Agenda for Action, including the preconditions for implementing the Declaration and Agenda in a particular context; and
- *invest* in competencies, including negotiating skills, knowledge of different aid modalities, public sector management, and sector competencies.

# Evaluation of the Implementation of the Paris Declaration

## Donor Study

### USA

## Executive Summary

### USG Paris Declaration Evaluation Synthesis Report Summary

The purpose of this report is to review and assess implementation by the U.S. Government (USG) of the principles of the Paris Declaration on Aid Effectiveness. The PD remains a dominant statement on aid relationships; its initial "Statement of Resolve" of 12 points is followed by 56 commitments, organised around five key PD principles.

The methodology included an examination of relevant documents from each of seven USG agencies that manage official development assistance, key informant interviews at the headquarters levels of each of the agencies, a questionnaire survey of overseas staff of four agencies, and selected interviews of staff in cross-cutting "apex" entities in executive and legislative branches that play important roles regarding development assistance policy and resource allocation.<sup>1</sup> This synthesis report brings together the main findings from these sources, grouped by the factors or conditions identified by the framework for the Paris Declaration evaluation as enabling donor implementation of the commitments and principles of the Paris Declaration. These enabling factors are: Leadership,

<sup>1</sup> Apex agency interviews were conducted with selected staff in the National Security Council and the Office of Management and Budget in the executive branch and the Government Accountability Office, the Committee on Foreign Affairs and the Committee on Appropriations of the U.S. House of Representatives, and the Committee on Foreign Relations of the U.S. Senate, in the legislative branch. The case study agencies were selected by the U.S. Government and provided to Social Impact in their Terms of Reference. They are: Department of State, USAID, Health and Human Services, Millennium Challenge Corporation, United States Dept. of Agriculture, Department of Labor and the Department of Treasury.

Awareness and Commitment; Capacity; Incentives and Disincentives; and Coherence. Report findings and conclusions include policy changes influenced by the Paris Declaration and enabling factors related to the implementation of foreign assistance by those responsible for program management. The report then draws relevant conclusions and sets out matters for consideration by the USG.

The report uses the term "USG" to refer collectively to those policies and actions which influence or affect U.S. foreign assistance programs, processes and procedures in general. It is important to note that there is no single USG agency with authority over all seven agencies included in this assessment, although the President with the advice of the National Security Council does set overall policy. However, the U.S. Congress plays a major role through the appropriations process, frequently mandating agency programs as well as setting specific limitations and conditions on how and for what purposes foreign assistance is to be provided.

### Key Conclusions

The conclusions presented below are based on research conducted mainly in the period of March to September 2010 and described in the findings sections of the report. By late September the administration's ongoing efforts to develop a new global development policy, to address the issue of policy and operational coherence, and especially to reform and rebuild the United States Agency for International Development (USAID) began to bear fruit. This has included issuing specific guidance for strategic planning, undertaking a serious examination of how to improve aid effectiveness, and identifying

constraints that can be relaxed without congressional action as well as those that will require new statutory authorities. The new U.S. Global Development Policy (also referred to as the Presidential Policy Directive on Global Development) focuses on policy and structural reforms necessary to increasing the effectiveness of USG assistance. This, and the just released Quadrennial Diplomacy and Development Review prepared by the Department of State and USAID represent the results of nearly two years of intensive study and discussion by senior staff and policy makers in the National Security Council, the Department of State and USAID. Both documents are informed by Paris Declaration principles, and the Quadrennial Diplomacy and Development Review specifically cites the Paris Declaration and the Accra Action Agenda as the source for its development assistance principles. This acceleration of aid effectiveness policy along with the implementation of the Feed the Future and Global Health initiatives, is allowing for these new protocols and practices to be tested. While much of this effort has been driven by a more general recognition that, to serve U.S. interests, U.S. foreign assistance has to become more effective and focused, there is little doubt that the Paris Declaration, the Accra Agenda for Action, and the Rome Principles (with regard to food security) have had a major impact on the direction of U.S. aid effectiveness reforms. However, as any student of organisational behavior well knows, the transformation of reform policies into reformed implementation procedures and practices is not automatic. For this reason, many of our conclusions focus on the operational constraints that must be overcome if the new policies are to produce the desired results.

- 1) U.S. foreign assistance has lacked an overall conceptual and organisational architecture, in spite of efforts to give it conceptual unity under the “Three D” mantra: Defense, Diplomacy and Development. It involves many federal agencies and is heavily earmarked and influenced by the U.S. Congress and a variety of interest groups. It is therefore difficult to develop generalizations about the degree of Paris Declaration/Accra compliance. Several agencies, such as the Millennium Challenge Corporation, Department of Treasury, and Health and Human Services, claim a high degree of consistency with Paris Declaration/Accra principles and accords, but the reasons for whatever consistency that does exist are different for each agency. Among the larger programs – USAID, Department of State, Health and Human Services and the Millennium Challenge Corporation – the Millennium Challenge Corporation enjoys a degree of greater freedom with regard to source of procurement, multi-year funding (up to five years) and more flexibility in personnel decisions afforded by its status as a government corporation.
- 2) Respondents in USG agencies that did follow assistance management practices consistent with the Paris Declaration tended to stress principles and practices, including country alignment, engagement with host

country institutions, capacity building through extended technical assistance, and efforts to gradually shift program implementation responsibility to host country institutions. The Health and Human Services case study perhaps shows the greatest responsiveness in this regard. One of the reasons for this degree of alignment is an already-extant global network of public health professionals, as well as a close affiliation between public health development experts and the larger health research and scientific community. Health programs, insofar as their technology is concerned, usually are well grounded in existing evidence and practice, and therefore represent known solutions, the efficacy of which, if properly administered, is not in doubt. Another factor is that health programs do not challenge political arrangements in a host country, unlike economic and, in particular, democratic development programs. Efforts to improve the rule of law generally are not appreciated by kleptocratic or authoritarian regimes.

- 3) Within the Department of State, the Office of the U.S. Global AIDS Coordinator is responsible for coordinating the major USG commitment to fighting HIV/AIDS, and other major global health threats. The oldest and largest commitment has been the President’s Emergency Plan for AIDS Relief (PEPFAR) program, which since 2009 has made significant progress in developing operational and strategic guidance for moving PEPFAR towards explicit adherence to Paris Declaration principles, including country ownership and harmonisation with other donors, although it is too early to tell whether this new approach will produce desired improvements in aid effectiveness.
- 4) The findings on coherence lead to the conclusion that inherent tensions exist between the three major strategic purposes of USG foreign policy – diplomacy, defense and development – that affect the ability of aid effectiveness policies to be internally consistent and coherent. Some of this tension arises from the pressure to produce results in a relatively short time period. Most observers would agree, for example, that capacity building is a long-term process, especially with regard to the establishment of effective, transparent, and accountable institutions of democratic governance. Political and statutory pressure to report positive outcomes on a yearly basis works against the kinds of time frames and long-term efforts most likely to be effective, making “the long run” simply too long. Good development practice may end up subsumed under short-term diplomatic and defense objectives.

Another source of incoherence lies in the potential tension between helping to develop a country’s comparative advantage through development investments and free-trade regimes, and the objectives of American producers and exporters, especially the farm sector, which

may face stiff competition from abroad, now or in the future. In addition, a tension exists between the moral basis for development – including advancing democracy and human rights, protecting women and children from trafficking, and protecting endangered species – on the one hand, and on the other, the USG’s need to develop alliances and cooperative security relationships with regimes that show little interest in U.S. values-based objectives.

- 5) There are conditions under which certain Paris Declaration principles, or aspects of them, may not fully apply. For example, aspects of country ownership and alignment may not apply in situations of fragility, lack of accountable governance, or immediate post-conflict situations. In particular, alignment with country systems is not likely to be feasible under these conditions. Even aspects of harmonisation, managing for results, and mutual accountability may be difficult. For example, some joint donor efforts and a division of labour among donors may be difficult to achieve. Nevertheless, close coordination among donors at the information-sharing level and some kinds of joint efforts, such as fact-finding missions, will be essential in post-conflict situations. Managing for Results and Mutual Accountability in these circumstances may need to be joint among donors, rather than joint with the country.
- 6) A key conceptual issue for many respondents and case study analysts is whether “host country” means host government (especially those without credible representative claims), or whether it applies more broadly to all sectors, including civil society, the private for-profit sector, universities, and more.<sup>2</sup> Moreover, are assistance programs that work directly with civil society or the private business sectors, without host government involvement, permissible under the Paris Declaration principle of host country ownership, or is some direct involvement of the host government a necessary requirement of country ownership? The recent “U.S. Global Development Policy” clearly anticipates working with host governments by stating: “Investing in systemic solutions for service delivery, public administration, and other government functions where sufficient capacity exists; a focus on sustainability and public sector capacity will be central to how the United States approaches humanitarian assistance and our pursuit of Millennium Development Goals.”
- 7) It is unlikely that the USG will ever achieve full compliance with the Paris Declaration and Accra Agenda for

<sup>2</sup> One agency stated that this is a settled issue in the PD/AAA; that country means more than just government. However, discussions with the U.S. international NGO member organisation, InterAction, raised this issue as a major concern. Country government participants at the Third Meeting of the International Reference Group of the Evaluation of the Paris Declaration, December 7-10, 2010, expressed the view that civil society organisations needed to conform to the government’s strategic plan – a view that worries many local and international NGOs who perform advocacy roles with respect to social, rule of law, and other human rights issues.

Action. To do so would require a sea change in the way U.S. interests influence both domestic and foreign assistance policy and practices. Full compliance would also require a profound change in the behavior and capacity of the regimes now in place in some partner countries in the developing world. However, the present US administration clearly is motivated by the normative challenge presented by the USG’s commitment to the Paris Declaration, and appears determined to continue to take specific steps to move toward Paris Declaration-like aid effectiveness.

### **Matters for Consideration**

The findings and conclusions presented generate ideas and suggestions for improvement and raise additional questions and issues that require further review.

#### ***Overarching considerations for U.S. Government executive and political leaders***

The operational and procurement reforms already under way in the USAID should be monitored for success and their applicability to other agencies.

#### ***Leadership, Awareness and Commitment***

Awareness is not the same as commitment. USG agencies involved in foreign assistance need to strengthen the level of commitment by program managers with the responsibility for day to day implementation of U.S. foreign assistance programs. Issuing directives and guidance documents is a necessary step, but more needs to be done to address the constraints and lack of positive incentives that are more powerful influences on the behavior of implementing managers. (see below)

#### ***Capacity***

As part of the “USAID Forward” reform process, USAID is analysing and developing guidance to address a variety of operational constraints to improving aid effectiveness. This effort should be broadened to require all agencies to prepare an inventory of their substantive capacities and skills in order to assess training, recruitment, placement, orientation, mentoring and other approaches required to adequately implement the Paris Declaration principles.

#### ***Incentives and Disincentives***

- 1) All USG agencies managing foreign assistance accounts need very specific guidance on acceptable conditions and arrangements for promoting host country ownership, alignment and greater donor harmonisation. Agency officials should be provided with the appropriate means and incentives to ensure appropriate risk taking in developing host-country capacity, while being protected from legal or bureaucratic repercussions if problems of accountability or mismanagement do arise.

- 2) The administration, on behalf of USG agencies managing foreign assistance accounts, should ask Congress to eliminate or ameliorate those requirements that inhibit implementation of Paris Declaration principles.
- 3) Detailed Paris Declaration guidance should include an analysis of favourable and unfavourable conditions for implementation of the different components of Paris Declaration principles. USAID currently is preparing guidance for the use of country systems under the Alignment principle of the Paris Declaration. Guidance should also address the role of capacity strengthening in helping to improve conditions for Paris Declaration implementation. It should be made clear, however, that these detailed considerations are part of a serious USG-wide effort to move toward compliance with the Paris Declaration principles.

### **Coherence**

- 1) Building on the Paris Declaration and the recent U.S. Global Development policy, agencies should establish a

continuing mechanism to ensure the greatest degree of coherence possible among policies and programs affecting the developing countries.

- 2) The USG executive should dialogue with the U.S. Congress on the potential incoherence among legislative restrictions, trade protection amendments, mandates, and earmarks and the need for greater policy coherence as a critical part of the overall aid effectiveness reform effort. As noted in the Quadrennial Diplomacy and Development Review, some of the degrees of freedom afforded the Millennium Challenge Corporation legislatively should be provided to the USAID and other implementing agencies. The USG should also resolve the definitional confusion about what kind of foreign assistance is included in the effort to strengthen its aid effectiveness, consistent with Paris Declaration principles.



**ANNEX 3**  
**Executive Summaries of**  
**Updates of Phase 1**

**DONOR AND AGENCY UPDATES**



# Evaluation of the Implementation of the Paris Declaration

## Update of Phase 1 Donor Studies

### ASIAN DEVELOPMENT BANK

#### Executive Summary

This is a summary of an update of the Asian Development Bank (ADB) headquarters-level study that evaluates the implementation of the Paris Declaration (PD)<sup>1</sup>. The Phase 1 study was carried out in 2007 and published in 2008.<sup>2</sup> ADB's management has positively responded to the findings and recommendations of the Phase 1 study. ADB has (i) made PD implementation more visible through internal action plans and briefing notes and monitoring surveys in partner countries on the Paris/Accra commitments, and; (ii) set up focal points for managing for development results and aid effectiveness in its headquarters; (iii) increased the use of program-based approaches; (iv) stepped up staff guidance and training on PD principles; and (iv) increased staff and budgetary resources for operations (including resident missions).

### Context (PDE Q1)

The five PD principles – ownership, alignment, harmonisation, managing for results and mutual accountability – underscored

1 ADB. 2011. *Joint Evaluation of Paris Declaration Phase 2 Headquarters - Level Study Update*, Draft, Manila

Special Evaluation Study Paris Declaration Evaluation ADB HQ-level. The full report is being finalized.

2 ADB. 2008. *Evaluation of the Implementation of the Paris Declaration at the Asian Development Bank: A Development Partner's Study for an OECD-DAC Joint Evaluation*. Manila (February).

<http://www.adb.org/Documents/SES/REG/SST-REG-2008-03/SST-REG-2008-03.asp>

It was reported to the Accra High Level Forum, September 2008. The update study was desk-based and it carefully reviewed relevant ADB documents and monitoring survey results, as well as other related literature on aid effectiveness. It was complemented by a questionnaire survey of ADB resident missions, interviews with a cross-section of staff, management, and board members at ADB.

many of the already ongoing initiatives and approaches at ADB. In 2001 ADB brought out a Long-Term Strategic Framework for 2001-2015 for assisting in reducing poverty and promoting economic growth and in 2004 an enhanced poverty reduction strategy, which emphasized the importance of country ownership and aligning ADB assistance with the development priorities of partner countries and aid harmonisation. Country ownership, aid alignment and harmonisation and results orientation were further emphasized in ADB after it endorsed the Paris Declaration in 2005.

ADB started implementing results-focused country partnership strategies in 2005 which have been mainstreamed. ADB did some fine-tuning to its internal organisation in 2006 with a view to better meet the evolving opportunities and challenges in delivering its assistance in the region. It also introduced a three-year action plan (2006-2008) for managing for development results (MfDR). A new long-term strategic framework (2008-2020), also called Strategy 2020, was brought out in 2008, together with a corporate-level results framework to monitor the implementation of the strategy and its outcomes.

The key push factors for aid and development effectiveness may be summarized as country needs, the potential for reducing transaction costs and improving institutional effectiveness, and increased awareness about transparency in policy and procedures and accountability of actors for development results. Working with other development partners is important for regional development banks like ADB because resources must be pooled to meet the huge financing need of its partner countries to reduce poverty and improve

people's welfare in a sustainable manner. Another important enabling factor is the continued support of ADB's Board of Directors and Management for implementing the PD in ADB and also in its partner countries. On the other hand, institutional capacity and varying political will in partner countries, and often exogenous factors like natural disasters, economic crises, and political conflicts limited the progress in PD implementation.

## Process and Intermediate Outcomes (PDE Q2)

ADB has already substantially implemented PD and AAA commitments. The PD has been useful in improving ADB's effectiveness in delivering assistance. Increased awareness and efforts are much more pronounced in the area of managing for development results. Efforts are under way to meet the observed shortfalls so far in the three key areas, i.e., country procurement system, aid predictability, and program-based approaches.

ADB has supported partner countries with advisory technical assistance in formulating or preparing their national development strategies and sector development master plans with a view to contribute to enhancing **ownership** in aid funded projects. ADB's country partnership strategy and business plans have increasingly been aligned with partner countries' development priorities since 2005. **Alignment** has been further strengthened under the newly streamlined business procedure that became effective in January 2010. Alignment of the country partnership strategy with the national development strategy is a requirement in ADB's business process and is adhered to by its operations departments. In 2009, 89% of ADB's aid disbursements were reflected in partner countries' national budgets.

About 53% of the technical assistance program in 2009 (against the target of 50%, Indicator 4) was coordinated with partner countries' capacity development program. The score was less than 50% only in seven partner countries surveyed.

ADB has encouraged partner countries and also assisted them with advisory technical assistance for improving country systems. ADB has increasingly used country public financial management (PFM) systems by relying on existing institutional arrangements rather than on a cadre of individual financial management specialists. In 2009, 92% of ADB's assistance used country PFM. In 2009, the adoption of a country PFM system was not possible for only five countries because of structural problems. ADB also helps some of these partner countries strengthen their PFM capacity. ADB used the country system for national procurement for only 45% of aid disbursement in 2009, which was lower than the 59% in 2008 (against the target of 78% of aid disbursement use of the country PFM system). This is a significant shortfall. ADB is implementing a technical assistance (USD 1.3 million) to

encourage better collaboration, policy dialogue, knowledge sharing, and capacity building by partner countries in reforming and carrying out procurement.

All ADB assistance is channeled through government budgetary systems. ADB has a system of three-year-rolling country operations business plans (assistance programs), which provides an indication of likely approvals and disbursements. About five years ago, ADB introduced a multitranche financing facility for investment programs, single tranche program loans and sector-wide approaches. Conditionalities have been simplified and country ownership strengthened in ADB's assistance programs. In 2009, 77% of ADB's aid disbursements were effectively disbursed and recorded in the accounting systems of 25 partner countries surveyed, down from 84% a year ago and short of the 89% target for 2010. ADB reached the target in only 10 partner countries. All ADB assistance is untied. However, the ADB charter requires procurement of goods and services from ADB member countries. Where procurement from non-member countries is deemed necessary, the Board of Directors may grant a waiver.

**Harmonisation.** ADB uses parallel project implementation units (PIUs) only in a few cases. The number of PIUs was reduced from 11 in 2008 to five in 2009. In 2009, ADB conducted 54% of its field missions jointly with other development partners, a significant improvement from the previous year (44%). About 63% of ADB's country analytical work was conducted jointly with other development partners.

Administration of aid projects has been increasingly delegated to resident missions/field offices. The corporate-level target for 2012 is 43%. Field offices formulate the country strategy and operations business plans, except in a few cases where field offices are not yet established.

**Managing for Results.** Enhancing the orientation to results of ADB's country assistance strategy and programs was first piloted in 2005. An action plan to implement MfDR was also launched and ADB commenced mainstreaming MfDR in its corporate management as well as in its assistance operations. Since 2008, ADB has monitored corporate results and reports results through its annual Development Effectiveness Review (DEFr) report. DEFr is being embraced as a management tool. Recognizing scope for improvement in its coverage and rigor, the corporate level results framework is scheduled for review in 2012. ADB provides technical assistance for strengthening developing partner countries' capacities to plan, manage, and implement results-driven national strategies. A network of MfDR community of practice has been developed. Capacity Development for Development Effectiveness provides further opportunities in this regard.

**Mutual Accountability.** The corporate-level results framework has improved on ADB's orientation toward development results and accountability. Reporting by the annual report, DEFr, and the annual evaluation review report has enhanced transparency, public awareness, and accountability of the institution.

ADB conducts regular consultation with non-government organisations/civil society organisations (NGOs/CSOs) in formulating country assistance strategies and business plans and preparing assistance projects. ADB's experience shows that cooperation with NGOs/CSOs improves the effectiveness, quality, and sustainability of ADB-assisted activities. ADB's accountability mechanisms include a compliance review panel, an integrity office, auditor general, independent evaluation, and public disclosure.

### **Development Outcomes (PDE Q3)**

The process and intermediate outcomes achieved by ADB discussed above indicate that they have potential to contribute to long term development outcomes of the assistance. More progress is anticipated in country procurement system, aid predictability, and program-based approaches. The PD provided further impetus to improving the efficiency of aid delivery through increased country ownership, simplification and harmonisation of aid modality and procedures, and results-focused management of the development process. Like other multilateral development banks, ADB has actively participated in PD activities, supported its partner countries in various aspects of PD implementation, and implemented itself many of the PD principles in its business processes. Its experience indicates

that MfDR can be very useful in planning and managing the aid delivery.

A successful application of the PD principles was evident in the education sector, e.g., pooling of resources from multiple donors and simplified procedures such as a common focal point in the partner countries for aid agency partners. PD provided further encouragement to reducing poverty in addition to other international initiatives and development goals including the MDGs. Enhanced awareness and related capacity development in some cases have been experienced through the adoption of results-focused national development plans, country partnership strategies, and portfolio management. Partner countries can still play a more active and bigger role in promoting mutual accountability in technical assistance and other aid implementation. Aid agency partners need to harmonise further.

Aid is still important in the economic development process of Asia Pacific region. Cost saving is an important incentive in aid harmonisation and delivery. Sector-wide approaches can be useful in pooling resources and delivery aid at lower transaction costs to the recipient governments. The five PD principles are still relevant in aid delivery, where managing for results plays an important role as it synergizes with other PD principles.

# Evaluation of the Implementation of the Paris Declaration

## Update of Phase 1 Donor Studies

### AUSTRALIA

## Executive Summary

This report contributes to Phase 2 of the international evaluation of the implementation of the Paris Declaration on Aid Effectiveness. It updates the findings of AusAID's headquarters study under Phase 1 of that evaluation, conducted in 2007. The update responds to both the questions set for donor updates and to those for donor headquarters studies. In line with guidance for headquarters studies, the update concentrates on learning by addressing the twin questions 'are we doing the right things' and 'are we doing things right' – that is, it examines the relevance of Australia's choices and the effectiveness of Australia's actions, respectively. It also focuses on three overarching themes considered to be of particular relevance to Australia: scaling up the aid program, operating in fragile states and measuring performance on effectiveness.

### Key findings

Australia is committed to improving aid effectiveness and has taken clear steps to implement effectiveness principles. Since 2001, successive Australian governments have been engaged in efforts to increase the effectiveness of Australia's aid and have participated actively in work to develop the international effectiveness agenda. The current policy statement on Australia's international development assistance, contained in the 2009-10 budget statement, highlights the importance of effectiveness. In particular, it emphasises the need to create genuine partnerships between Australia and partner governments, adapt the aid program to the circumstances of individual countries, use and strengthen country systems to deliver aid, and ensure that the Australian aid program is both transparent and accountable.

Reflecting the renewed commitment of the Australian Government to improving the effectiveness of its aid program, an independent review of aid effectiveness was announced on 16 November 2010 by the Minister for Foreign Affairs. The review, which will complete its work in April 2011, will examine the effectiveness and efficiency of the Australian aid program, and make recommendations to improve its structure and delivery. As a far-reaching review with a central focus on aid effectiveness, its outcomes are expected to provide timely guidance for aid policy and practice against the background of rapid growth in the program.

Since 2007, implementation of the effectiveness agenda in the Australian aid program has been influenced by five key inter-related factors – the government's firm commitment to rapidly increasing the aid budget, Australia's strong commitment to international development, the large number of fragile states with which Australia has aid relationships, the determination to identify new, more effective ways of doing business, and the associated, very substantial, organisational changes introduced in support of these. These factors have all given particular impetus to Australia's determined efforts to improve aid effectiveness.

### Scaling up

The Australian Government is committed to increasing official development assistance to 0.5% of gross national income by 2015-16. A change in the formula for gross national income in 2010-11 means \$ 2.5-3.0 billion more will be required during the period to 2015-16 than was expected in 2009. As a result, the aid budget is forecast to increase from \$ 4.35 billion in

2010-11 to about \$ 8 billion in 2015-16. The government has confirmed that it 'remains resolute' in this commitment.

### **Elevating Australia's role in international development**

Since its election in November 2007, the current Australian Government has increased the role Australia plays in international development, reflecting its firm commitment to global efforts to achieve the Millennium Development Goals. This has been reflected, for example, in its commitment to do more in Africa, the Caribbean and Latin America, and in its support in the Pacific for the Cairns Compact on Strengthening Development Coordination and for the Partnerships for Development. This latter initiative – aimed at building stronger partnerships with Pacific island countries based on principles of ownership and mutual respect and responsibility – has proved to be critical in providing impetus for reforms in line with the priorities of the Accra Agenda for Action.

### **Working in fragile states**

Most of Australia's closest neighbours are developing countries and most are fragile in some way, either through weak governance, civil conflict or enduring development constraints. Many are struggling to achieve their own targets for achieving the Millennium Development Goals. Further, the Australian aid program is increasingly involved in complex national security, conflict, peace-building and state-building operations. In total, expenditure in fragile states in 2010-11 is expected to account for 53% of Australia's total bilateral and regional assistance Australia is taking a 'fit for purpose' approach to implementing the Paris Declaration principles in fragile states, because of the difficulties encountered in these contexts.

### **New ways of working**

AusAID is expanding the range of delivery modalities it uses in an attempt to move away from discrete projects towards program-based approaches. It has recently overhauled its processes for developing and negotiating country aid strategies and has strengthened its sectoral and thematic focus and expertise. It is adopting a partnership approach, not only with partner governments, but also with whole-of-government and community stakeholders in Australia, and with bilateral and multilateral development partners internationally. It is also doing some hard thinking on its approaches to technical assistance and capacity development, recognising their critical role in development, particularly in fragile contexts. The aid program is also increasing its focus on aid effectiveness in managing and reporting its development results.

### **Significant organisational change**

The Australian Government is committed to ensuring its expanding aid program is managed effectively and efficiently so that it delivers better development impacts. In support of this, AusAID has engaged in a series of major policy, institutional and delivery reform processes, all focused on optimising the

effectiveness of Australia's official development assistance. Recent program and policy reforms include new operational policies, country strategy architecture and quality reporting systems, which together aim to provide practical guidance and support for implementing the effectiveness agenda. These reforms build on work predating the Paris Declaration and give new impetus to this commitment.

Prior to Phase 1 of the evaluation, Australia had made the decision to untie its aid and created the Office of Development Effectiveness to monitor the quality and evaluate the impact of the aid program more rigorously. Most significantly, AusAID devolved program management to country offices, recruited substantially more in-house sectoral expertise, established a quality framework for the program, and began strengthening corporate systems.

## **Challenges and priorities for improving effectiveness**

Australia's commitment to increase the volume of aid to 0.5% of gross national income over the next five years presents the aid program with some significant challenges. Building on existing achievements and innovation AusAID is positioning itself to manage a substantially larger aid program and to support its partner countries to make productive use of the additional funds.

In this context, it will be crucial to focus on aid effectiveness across all areas of the aid program. Tools are being introduced to support delivery strategies that promote less time-intensive and labour-intensive modalities and include appropriate risk management. Efforts are also under way to accelerate the building of staff skills and capacity, particularly in those areas related to support for fragile states, innovative delivery modalities, new ways of working and, potentially, new themes and sectors. Staff numbers will also need to increase to meet the needs of the changing and rapidly growing aid program.

Australia's heavy engagement in fragile and weak capacity environments will continue to present challenges for the aid program's effectiveness. Australia is committed to delivering effective aid in such contexts, but recognises that such operating environments are likely to remain difficult for some time and that innovative ways of delivering assistance may be required. In this regard, the potential of the new Partnerships for Development in the Pacific cannot be understated.

In policy and programming terms Australia is doing many of the 'right things' to support its aid. All programs are implementing the principles of the Paris Declaration in some form. Australia is also on the right track to 'doing things right' – it has invested heavily in recent years to improve the prospects for increasing its effectiveness.



# Evaluation of the Implementation of the Paris Declaration

## Update of Phase 1 Donor Studies

### DENMARK

### Executive Summary

Denmark is strongly committed to the aid effectiveness agenda by putting partner country ownership at the heart of Denmark's planning and programming.

Denmark has a long history in promoting ownership and alignment to partner country priorities and continues to push for more effective aid in line with the Paris Declaration and the AAA and works for a better division of labour based on results-oriented and focused development in cooperation with other bilateral donors, as well as with multilateral organisations.

#### **Update on Denmark's progress in implementing the AAA "Beginning Now" commitments**

Denmark's development cooperation is decentralized, and all Danish embassies and missions in partner countries have developed harmonisation and alignment action plans based on the Paris Declaration (PD) and the Accra Agenda for Action (AAA) which are adapted to the specificities of the partner country.

Denmark has therefore not developed an action plan as such for the implementation of the AAA, but rather focused efforts on implementing the aid effectiveness commitments in practice and in the field, according to the specific needs of each partner country. However, progress in Denmark's overall implementation of the AAA in terms of its mainstreaming in Danish policies and guidelines has been closely monitored and are subject to discussion at management level in the Danish Ministry of Foreign Affairs.

Denmark's development cooperation policies, its performance management framework and its guidelines and procedures have to a large extent already taken account of the needed actions identified in the PD and the AAA, which was recognised during the DAC Peer Review of Denmark in 2007 and reaffirmed at the DAC mid-term review in September 2009 as well as in the Peer Review of Denmark in 2011.

The main task for Denmark's implementation of the AAA has therefore been to support Danish missions in the field in these endeavours through flexible guidelines that reflect the aid effectiveness commitments. Focus has thus been on reviewing the Danish Aid Management Guidelines to ensure greater consistency, explicit reference to the AAA and enhance the usefulness of the guidelines for staff that are to implement them. The Danish Aid Management Guidelines, including the Guidelines for Programme Management, are available on [www.amg.um.dk](http://www.amg.um.dk).

The AAA contains 43 donor commitments. Of these, 33 are issues that Denmark has a direct possibility to act upon – the remaining donor relevant commitments cover initiatives, which are to be followed up in a multilateral context.

Denmark has mainstreamed 29 of the 33 commitments in the AAA in policies and guidelines by July 2009, 10 of which necessitates further joint activities. Of the four remaining commitments within the Danish realm, one is on-track, and three others require a continuous effort as well as a joint approach.

In the AAA four areas have been identified for 'immediate start'. Denmark has taken the following specific steps to meet these commitments:

### ***Developing plans on using country systems (para. 15d)***

At country level Danish missions in partner countries have over the course of the last years developed a 'Harmonisation and Alignment Action Plan' based on the PD and AAA commitments which include furthering alignment through specific actions for using country systems.

Denmark has in June 2008 established the use of sector budget support as the default modality for programming of Danish development assistance (this implies maximum use of country systems, ref. AAA para.15.a). Should sector budget support not be used as a modality, the reasons should be made clear and a plan for furthering alignment (para. 15.b) should be made. This requirement is integrated in the Danish Aid Management Guidelines (available at [www.amg.um.dk](http://www.amg.um.dk)), including in a technical note on Programme Support Preparation.

### ***Making public all conditions linked to disbursements (para. 25b)***

Any conditions linked to development disbursements are either embedded in the underlying government agreement

or in such documents as policy matrixes related to general budget support and are therefore clear to partners.

### ***Providing full and timely information on annual commitments and actual disbursements (para 26b)***

Danish missions are, based on requirements in the Danida Action Plan for Fighting Corruption, required to provide information through inter alia their websites on the development activities, including financial information.

### ***Providing regular and timely information on their rolling three to five year expenditure and/or implementation plans (para 26c)***

Danish disbursement and commitment data are published in the national budget and five-year rolling plans. Danish missions provide quarterly disbursement data through their websites and rolling five-year commitment plans in connection with high level consultations with partner countries.

# Evaluation of the Implementation of the Paris Declaration

## Update of Phase 1 Donor Studies

### GERMANY

## Executive Summary

### Questions:

1. What changes have been proposed and implemented following the Phase 1 evaluation?
2. Did the Accra Agenda for Action provide further impetus to the PD process and result in any specific changes?
3. What reporting has been made to domestic or international accountability structures on the implementation of the PD (with copies of the reports)?

### Response to Questions 1 & 2

Both questions are answered together since German Development Cooperation has been and is undergoing a continuous reform process which has taken up recommendations from both the **2005 DAC Peer Review** and the **2008 PD Evaluation (Phase 1)** and responds to the new challenges of the **2008 Accra Agenda for Action (AAA)**.

The Phase 1 PD Evaluation focussed on commitment (evaluated as high), capacity (evaluated as adequate) and incentives (evaluated as strong for intrinsic motivation). Among others, one key recommendation to enhance capacities and organisational and individual incentives for aid effectiveness was to continue reforms towards reducing the institutional complexity of German Development Cooperation and decentralizing decision-making. In this context, one major institutional reform is the merger of the governmental development organisations GTZ, DED and InWEnt which was completed by the signature of the merger agreement in December 2010.

Since then, the concrete integration of the three major technical cooperation agencies into the *Gesellschaft für Internationale Zusammenarbeit (GIZ)* is ongoing – a major contribution towards streamlining German support for capacity development and other technical cooperation and making it even more responsive to partner country demands.

After the AAA, an important instrument for the reform process has been the **2009 Plan of Operations for Implementing the PD of 2005 and the AAA of 2008 to Increase Aid Effectiveness** which contains measures with regard to seven areas of action: ownership and alignment; division of labour and complementarity; predictability and transparency; accountability with a special emphasis on civil society participation; engagement in fragile states and situations of conflict; cooperation with all development actors; and incentives and monitoring. The implementation of this Plan of Operations is being monitored continuously.

In 2010, Germany participated in another **DAC Peer Review**. Prior to the Peer Review, a *Country Memorandum for the DAC Peer Review of Germany* (2010, BMZ) was prepared that also contains a chapter on "Aid Effectiveness" and an Annex on "Follow-up to the DAC Peer Review for Germany 2005". Germany's progress in implementing the Aid Effectiveness Agenda is summarized as follows:

*"German development policy has established a track record of progress for all the PD indicators monitored. Significant improvements have been achieved for a number of indicators (capacity development within the scope of coordinated programme-based*

approaches, use of partner procurement systems, reduction of the number of project offices not integrated into partner structures, country analyses jointly discussed and coordinated with other donors). Internationally, German development cooperation is located in the upper half of the league table of donors overall; for eight out of 10 indicators Germany's scores are above the international average."

A short overview on **Germany's support** for the implementation of the Aid Effectiveness Agenda:

- At the **international level**, Germany is active e.g. in the OECD context as Co-Chair of the WP-EFF Cluster C Transparent and Responsible Aid and its Task Team on Division of Labour and Complementarity and, in the EU context, as Co-Chair of the EU Fast Track Initiative on Division of Labour as well as country-level facilitator in five of the about 30 countries supported through this initiative;
- Within the **German system** of development cooperation, specific attention has been dedicated to areas in which PD Monitoring results are still below expectations, starting from analyses of obstacles. With regard to programme-based approaches, a guidance note was elaborated and trainings on PBA were institutionalised. In late 2008, a Strategy Paper on Budget Support – an aid modality which still leads to controversial discussions among German parliamentarians and general public – defined clear eligibility criteria. Also, a plan for further untying of aid has been developed. Finally, a position paper on use of country systems, stressing the need for a gradual approach, is being elaborated.
- In addition, aid effectiveness issues were **streamlined** into policy papers and reporting systems and included into the annual institutional targets and the communication and training systems of both the Federal Ministry for Development and Economic Cooperation and its implementing agencies;
- At **partner country level**, based on the 2009 Operational Plan, almost 30 country-specific action plans were developed to both improve deficiencies reported in the PD Monitoring and support the new priorities coming out of the AAA. These plans are being monitored at country level. Major issues will be integrated into the country and sector strategy papers, when they come up for revision.

Towards the future, the BMZ Management gave the following **strategic orientation (Source: Country Memorandum 2010)**:

*"Germany will not restrict its development activities merely to the implementation of the (Aid Effectiveness) Agenda. Rather, it will take a **pro-active role in moving forward the Paris/Accra Process** both politically and in terms of substance, and will offer its own initiatives as input into the process. The following are four examples of what the German government plans to do:*

- *Greater efforts need to be made to **mobilise partner countries' domestic resources** ...*
- *The transaction costs of the fragmented way in which aid is provided around the globe are considerable for both the partner countries and the donors. By improving the **division of labour** amongst the donors, the number of interfaces can be reduced and processes of coordinating aid made more effective ...*
- ***Budget support** can be a suitable instrument of development cooperation if the government of the partner country, based on cooperation between government and parliament, takes on responsibility for the outcome ...*
- *Germany's development policymakers support the idea that the allocation of funds to partner countries must be focused more on **development results** and that, in this context, greater accountability must be demanded from the governments of the partner countries."*

The results of the 2010 Peer Review are publicly available at the OECD webpage ([www.oecd.org/dac/peerreviews/Germany](http://www.oecd.org/dac/peerreviews/Germany)). Chapter 5 of the Peer Review report deals with Germany's performance in the field of Aid Effectiveness and gives important impulses on how Germany can make its development cooperation even more effective. In general, the report notes that Germany "has made **good progress** in many areas of its development cooperation" (Main Findings, p. 2) and "is improving its performance against all of the key Paris Declaration indicators" (Full Report, p. 21).

### Response to Question 3

With regard to **accountability**, Germany **regularly reports** to a large number of domestic and international accountability structures, e.g.

- For **domestic audiences**, and especially for the **Federal Parliament**, the Federal Government regularly publishes the *"Entwicklungspolitischer Bericht der Bundesregierung"* (Development Policy Report of the Federal Government). The next edition of the report will be published during the present legislative term 2009-2013.

Also, the German *Bundestag's* Committee on Economic Cooperation and Development (AWZ) received briefings before and after HLF 3 and will be informed again with regard to HLF 4, and parliament in general receives extensive specific briefings upon request.

- In addition, since HLF 3, BMZ has held two high-level meetings with German **civil society organisations** organised in VENRO (*Verband Entwicklungspolitik Deutscher Nichtregierungsorganisationen*) on the aid effectiveness agenda and will continue to do so.

- **At European level**, Germany regularly contributes to the so-called Monterrey Questionnaire which feeds into the European Commission's "Aid Effectiveness – Annual Progress Report" (last report April 2010, SEC(2010) 422 final; the 2011 report is in preparation).
- In the context of the **Working Party on Aid Effectiveness**, Germany has contributed to the "Summary Analysis of 'Beginning Now' Commitments" (Doc. 4, 5th Meeting of the Executive Committee, 26 March 2010; see Annex 2), to Phase 2 of the PD Evaluation and to the third Round of the PD Monitoring Survey.
- Germany demonstrates its commitment to improvements in accountability and transparency also as Co-Chair of WP-EFF **Cluster C on "Responsible and Transparent Aid"** which hosts a Task Team on Transparency and as founding member of IATI (International Aid Transparency Initiative). In addition, Germany participates actively in discussions about improving transparency in the context of the European Union (TR-AID).

# Evaluation of the Implementation of the Paris Declaration

## Update of Phase 1 Donor Studies

### THE NETHERLANDS

### Executive Summary

This summary provides an update of the findings of the report *Ahead of the Crowd? – The process of implementing the Paris Declaration, Case study the Netherlands*. This agency-level evaluation was conducted during the first phase of the joint evaluation of the implementation of the Paris Declaration. The update covers the period between the publication of *Ahead of the Crowd?* until mid-October 2010 when a new coalition Government assumed office in the Netherlands.<sup>1</sup> It is descriptive and should not be considered to be an evaluation. It draws on documentation, in particular *the Netherlands Action Plan Paris/Accra* and internal documents of the Ministry of Foreign Affairs produced by the Department for Effectiveness and Coherence.

In his policy reaction to Parliament on the report of the Phase 1 evaluation of the Paris Declaration, the Minister for Development pointed out the importance of the findings of the synthesis report as well as the Dutch case study. He reiterated that the Netherlands would continue to be fully committed to the implementation of the Paris Declaration. Whilst taking note of the fact the Netherlands had already a relatively good track record, the Minister pointed out that more should and can be done to achieve the Paris agenda in practice.

Stepping up the efforts to achieve the Paris agenda has taken place as a follow-up to the High Level Forum in Accra, where the Netherlands has played a very active role. The Netherlands

<sup>1</sup> The coalition Government instituted in mid-October 2010 has decided to cut the ODA budget of the Netherlands in the coming four years and to focus ODA on a limited number of thematic priorities. At the time of writing of the update note it is not clear how these general decisions will work out in the bilateral aid programme with the current set of partner countries.

Action Plan Paris/Accra entitled *Extra Efforts for Better Aid* was published in early 2009. It offers a broad framework, sets priorities for the Netherlands regarding its obligations under Paris and Accra, and advocates an approach in which development activities are tailored to the specific conditions in the respective partner countries taking into account opportunities and obstacles. More particularly, the following priority issues were to be addressed:

1. the use of country systems
2. predictability of aid and conditions
3. transparency and mutual accountability
4. a results-oriented approach
5. fragmentation and division of labour
6. harmonisation
7. the special challenges posed by post-conflict countries and fragile situations.

In a number of areas, such as registration of the Netherlands contribution in the budgets of partner countries, the use of country systems and predictability of aid, the Netherlands aims to improve its performance. In others (untying of aid, the use of programmatic approaches, avoiding parallel implementation structures and joint or coordinated implementation of missions), the Netherlands aims to maintain its overall performance whilst trying to improve its performance on these priority areas in specific countries if needed.

The Dutch response to the implementation of the Paris Declaration and the Accra Agenda for Action will continue to have a country-specific approach. It will vary depending on the



category of partner country outlined in the policy document *'Our Common Concern: Investing in development in a changing world'* (October 2007). A distinction is made between three groups of countries:

- *Profile 1 countries.* For these countries, which are fairly stable, relatively dependent on aid, and increasingly well governed, the emphasis is on meeting the MDGs as swiftly as possible. It is vital to minimise the transaction costs associated with the multitude of financial flows. In its support to these countries, the Netherlands is strongly committed to realising all the Paris objectives.
- *Profile 2 countries* are struggling with a dominant security problem, a weak government or major social tensions that have the potential to flare up into conflict. Here the support by the Netherlands is mainly focused on creating the conditions that will assist the country move closer to the MDGs. A key objective is to keep transaction costs associated with aid as low as possible.
- *Profile 3 countries* have reached the status of middle-income country or are considered to reach that status in the very near future. In these countries the Dutch development partnership will be scaled back, and succeeded by other types of bilateral relationship. The Dutch aid programme will focus on the particular MDGs on which the country is lagging behind and on broadening the bilateral relationship. In the context of the latter goal, agreements may be made with these countries that do not necessarily lead to better scores on the Paris targets.

By 'customizing' its approach taking into account the specific context of the different countries in each of the three categories of partner countries, the Netherlands aims 'to improve its own performance, fostering international dialogue, and where appropriate, directly approach donors at head-office level'. In addition the Netherlands is committed to realise specific objectives as set by the European Union.

Using **country systems** will be the first option in Netherlands bilateral development cooperation. Even where these systems are not perfect, the Netherlands will try to use them provided that they meet minimal requirements and the partner country has credible plans to improve its systems. The Netherlands will be a 'pioneer' in using country systems within acceptable risks and provided there is a 'relationship of trust' with the government of the partner country. The use of country systems is not an 'all or nothing proposition' implying gradations in the use of some systems and not or not yet using others. In the event the Netherlands considers it impossible to use country systems the reasons will be made clear to the partner country at issue. Where appropriate, the Netherlands will work towards strengthening locally rooted capacity building processes.

The Netherlands will aim for (greater) **predictability of aid**, which will take place in the context of a partnership of trust

between donor and partner country following a 'business-like approach'. If a partner country does not adhere to agreements or violates trust in some way, the amount of aid and the timetable for its disbursement can be affected. When the Netherlands is unable to honour the principle of multi-year commitments (or indicative commitments) for valid reasons, such reasons will be communicated to the partner country. These consultations will be harmonised to the extent possible with other donors with the aim to strengthen the political dialogue.

A multi-pronged approach will be followed to improve **transparency and accountability** as well as fostering those of its partner countries, other donors and multilateral institutions. In order to make Dutch aid more transparent, the Netherlands actively participates in the International Aid Transparency Initiative and information about bilateral aid allocations by country and sector will be published on the websites of the embassies and the Ministry of Foreign Affairs. Support will be provided to strategic partners in recipient countries involved in strengthening the relations between the government and the public with the dual objective to strengthen ownership and accountability. Mechanisms for mutual accountability with a preference for existing mechanisms will be supported in order to minimise the additional burden for the parties involved. In pursuing its sector-wide approach the need to involve civil society organisations and the emphasis on domestic accountability are to be stressed. Where general or sector budget support is not yet possible, the Netherlands will work towards gradual alignment with the partner country's procedures; it will also continue its efforts on harmonising donors' working methods. The Dutch parliament and the public will be regularly informed about the Dutch aid efforts *inter alia* by two yearly *Results in development* reports.

Efforts in the field of **management for development results** need be undertaken in a harmonised and aligned manner. Therefore Netherlands fully supports the activities undertaken by the Joint Venture on Management for Development Results whilst simultaneously providing support to partner countries trying to work in a more results-oriented manner. An important element of the latter support is strengthening statistical capacities in these countries, with the Netherlands continuing its support to international initiatives.

**Division of labour** between donors is a means to an end and should be organised and implemented with a view to increase the effectiveness and efficiency of aid. As of 2007, the Netherlands has been focussing its bilateral aid efforts on a limited number of partner countries. In each country bilateral aid is in principle focused on three sectors. Continued support will be provided to a further division of labour among donors at country level in order to minimise partner countries' workload as well as that of the donors. The Netherlands aims to contribute to more effective cooperation among the multilateral organisations. The European Commission will be supported in its efforts to streamline its activities. Effectiveness and efficiency

will be a central focus in the policy for and financial arrangements with Dutch development NGOs. Dutch organisations focusing on private sector development will be encouraged to collaborate and harmonise their policies and approaches amongst themselves as well with the Dutch embassies in the respective partner countries. If the international dialogue on cross-country division of labour results in a shift of Dutch (bilateral) financial flows, the Netherlands aims to channel its support where appropriate and possible through civil society organisations, the EU and international financial organisations. Dutch policy towards multilateral organisations strives for joint positions and a division of labour with like-minded donors as well as better cooperation and better division of labour among the multilateral organisations. Finally, the Netherlands will refrain from establishing new global or vertical funds whilst putting an emphasis to address the shortcomings of existing funds.

Where alignment with partner countries' policies and procedures may not (yet) be possible, the Netherlands considers it very important that donors **harmonise** their activities to avoid duplication and put excessive burdens on the recipient countries. The Netherlands will further reduce its parallel implementation structures whilst increasing its involvement in joint analytical work and the number of joint missions. It is aimed that at least half of all Dutch-funded technical support for capacity building in partner countries is to be provided through coordinated programmes. Joint financing arrangements will be used to a greater extent as will models for delegated cooperation. Financing multilateral organisations will mainly take place through non-earmarked and pooled multiyear funding. The Netherlands will contribute to the international Legal Harmonisation Initiative.

The strategy *Security and development in fragile states* (November 2008) points out that the principles of ownership and domestic accountability will be applied in fragile states. Where possible the Netherlands will act in harmonisation and jointly with other donors and international organisations bearing in mind possibilities and challenges for alignment. Under the auspices of the OECD DAC International Network on Conflict and Fragility, the Netherlands is leading the process of setting priorities for peacebuilding and state-building. In a more general sense, the Netherlands wishes to actively contribute to promote more effective international efforts in fragile states through targeted support to international organisations and engaging in a critical dialogue with these organisations focusing on improving cooperation among them.

Progress of the implementation of the Action Plan has been monitored. The monitoring results were used to discuss the 'state of the art' of this implementation and to point out which improvements are warranted.

In the 2008 the OECD DAC survey on the extent to which donors were implementing the agreements in the Paris Declaration, 29 partner countries filled in the questionnaire on Dutch aid. In general terms, the Netherlands scored relatively well. For five of the 10 indicators the targets have been achieved or nearly achieved: coordinated technical cooperation on capacity development, avoiding parallel project implementation units, untying aid, applying a programme-based approach, and conducting joint field missions (see Table 5.1). The Dutch score was well below the Paris target for 2010 on the following indicators: the extent to which aid is incorporated into the budget of the partner country, the use of country systems for public finance management, joint country analytical work and the predictability of aid. The report *Results in development*, which was provided to Parliament in 2009, points out that still much should be done to improve the use of country systems as well as predictability and transparency. The report provides an insight on whether the Netherlands will be able to reach the Paris Declaration targets for these indicators.

Finally with regard to aid modalities it can be noted that budget support has been a component of Dutch development cooperation policy for quite some time. However, the combined share of general budget support, sector budget support and sector basket funding in total ODA has remained relatively small. In addition, the levels of budget support have been fluctuating because of several reasons. In the first place, as a result of the changing political and governance contexts in a number of partner countries the Netherlands decided to review its position in terms of providing general budget support. Second, in a number of countries budget support has gradually been phased out. This applies for instance to some countries belonging to the *Profile 3* category which have reached or are about to reach the status of middle-income country. In these countries the Dutch development partnership will be scaled back, and succeeded by other types of bilateral relationship. General budget support, sector budget support and sector basket funding are applied in a very limited way in *Profile 2* countries. In these countries which are characterised by security problems, a weak government or major social tensions that have the potential to flare up into conflict, the conditions are not conducive to provide such support.

# Evaluation of the Implementation of the Paris Declaration

## Update of Phase 1 Donor Studies

### NEW ZEALAND

## Executive Summary

### Summary of findings

Consistent with the prevailing situation in 2007, the principles of the Paris Declaration are integrated into the way of thinking within the New Zealand Aid Programme, but implementation is not yet systematically or comprehensively pursued. The planned recruitment of an Aid Effectiveness Advisor has not occurred and the lack of this focal point and leadership has undermined efforts to more fully embed practical application of the PD to date.

The PD principles have remained visible. A recent Ministry of Foreign Affairs and Trade (MFAT) survey found that the PD remains as important to New Zealand Aid Programme partner countries in 2010 as it was in 2007. The 2008 Accra High Level Forum was taken seriously by the International Development Group (IDG) of MFAT, and reinforced the focus on Aid Effectiveness. An Aid Effectiveness (AE) Action Plan was developed and adopted in mid-2010, which should provide fresh impetus for efforts to address barriers to improved aid effectiveness if it can be appropriately resourced.

A number of the 2007 recommendations and some Paris Declaration intentions are being implemented, despite the lack

of a fully developed, systematic approach. However, analysis undertaken for this report found that a number of institutional barriers to more effective aid remain. These include:

- the need to further improve business processes and develop practical resources and training for staff relating to aid effectiveness
- financial and technological constraints on devolution
- continued fragmentation and dispersal of the aid programme.

Ongoing effort is required to address these barriers and to sustain progress, particularly to maintain commitment to making further gains in a challenging context of organisational change.

New Zealand's involvement in the Cairns Compact indicates ongoing commitment to improving aid effectiveness and provides an avenue for progress to be made beyond the internal organisational changes that still need to be implemented.

# Evaluation of the Implementation of the Paris Declaration

## Update of Phase 1 Donor Studies

### UK (DFID)

### Executive Summary

#### What changes have been proposed and implemented following the Phase 1 evaluation?

DFID accepted and is implementing almost all the recommendations of the Synthesis donor study and the DFID Donor HQ case study. These included suggestions to:

- update Parliament and the public on progress on aid effectiveness and establish explicit transparency objectives
- improve medium term predictability of aid flows to feed into partner country budgeting and reporting
- delegate more authority to field offices
- if requested, DFID should strengthen support to partner countries to adjust to Paris agenda.

DFID did not accept some recommendations on special budgets and resources and benchmarking because these were not considered necessary given other processes.

The 2010 DAC peer review of DFID gives further information about DFID's progress on aid effectiveness.

#### Did the Accra Agenda for Action provide further impetus to the PD process and result in any specific changes?

The Accra Agenda for Action definitely did provide further impetus to DFID's implementation of the Paris Declaration.

It resulted in a DFID action plan, "Beyond Accra", approved by ministers, setting out how we would implement Paris and Accra commitments. It was published in July 2009 on the DFID website and submitted to the DAC. We provided two progress reports to the DAC on implementing the 'Beginning Now' Accra commitments.

#### Since Accra:

- DFID has published conditions linked to disbursements from April 2010 onwards.
- The majority of our country offices report that they provide information on annual commitments to partner governments.
- We provide rolling three-year indicative resource allocations to partner country governments in our focus countries where we provide resources through government.
- We publish indicative country allocations for DFID's country programmes for the three and soon to be four years of the current UK Spending Review period.
- DFID has worked to improve aid transparency, in line with Paris and Accra commitments. The Secretary of State launched a UK Aid Transparency Guarantee in June 2010. We will begin publishing full information on all new DFID projects over £ 500 by January 2011. We launched a searchable database of project information on the DFID website in August 2009.

- We have led the International Aid Transparency Initiative, which was launched at Accra to help donors implement their commitments on transparency. In June 2010, the 18 donor signatories agreed what information they will publish in the first phase, plus common definitions and formats, with implementation to start by January 2011.
- DFID has worked with other donors and partners in countries like Ghana, Zambia, Bangladesh and Uganda to improve mutual accountability. To support faster progress at country-level, we have analysed barriers to establishing mutual accountability processes in eleven countries where we have programmes and produced top tips on mutual accountability for our country offices. These were also used by the Working party on Aid Effectiveness Task Team on mutual accountability. And we have worked closely with the UN Development Cooperation Forum on their survey of country-level mutual accountability.
- In 2009 DFID reviewed our incentives for aid effectiveness, using a self-assessment tool which was presented at Accra. We have shared the results with the DAC and implemented recommendations to improve.
- DFID has strengthened its results focus to ensure that programme and policy decisions are based on evidence

of what works and what's value for money, and that it learns and improves results using information from research, reviews and evaluations.

### **What reporting has been made to domestic or international accountability structures on the implementation of the Paris Declaration?**

#### ***Domestic:***

DFID reports on Aid Effectiveness in its public Annual Report. DFID is accountable to Parliament and the public to ensure that UK aid achieves maximum effectiveness. Part of this is responding to the International Development (Reporting and Transparency) Act 2006, which requires the Secretary of State to report on the progress made in specified areas related to aid effectiveness. The latest report, DFID in 2009-10, is on DFID's website.

DFID reported to the All Party Parliamentary Group for Debt Aid and Trade who led a Parliamentary Inquiry into Aid Effectiveness which reported in March 2010.

#### ***International:***

DFID reports to the DAC and annually to the EU on aid effectiveness. The DAC Peer Review of DFID in 2010 included reviewing aid effectiveness.

## ANNEX 4

# Terms of Reference for Phase 2 of the Evaluation of the Paris Declaration

### 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 representatives of donors and multilateral agencies (chiefly members of the DAC Evaluation Network), partner countries and representatives of civil society. Day-to-day management of the evaluation is entrusted to a small Evaluation Management Group supported by an Evaluation Secretariat.

The evaluation complements the monitoring of the implementation of the Paris Declaration, undertaken through the Cluster D of the OECD DAC Working Party on Aid Effectiveness “Assessing Progress on Implementing the Paris Declaration and the Accra Agenda for Action.

The first phase of the evaluation<sup>1</sup> ran from March 2007 to September 2008 and aimed at providing 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 3<sup>rd</sup> High-Level Forum on Aid Effectiveness held in Accra, Ghana in September 2008. The emphasis of this phase was on input and output levels, through a series of partner country, development partner<sup>2</sup> headquarters, and thematic evaluations. These evaluations were of a formative nature, capturing the incremental and incidental behavior changes associated with the Paris Declaration.

The second phase of the evaluation will run from the 3<sup>rd</sup> High Level Forum in 2008 up to the 4<sup>th</sup> High Level Forum in Korea in 2011. This second phase will examine whether the intended long-term effects of the Paris Declaration are being achieved with an emphasis

<sup>1</sup> Wood, B; D. Kabell; F. Sagasti; N. Muwanga; Synthesis Report on the First Phase of the Evaluation of the Implementation of the Paris Declaration, Copenhagen, July 2008. The report can be found at: [http://www.diiis.dk/graphics/Subweb/paris\\_evaluation\\_web/index.htm](http://www.diiis.dk/graphics/Subweb/paris_evaluation_web/index.htm).

<sup>2</sup> By Development Partners is meant donors, multilateral agencies, IFIs and other organisations engaged in development assistance.

on outcome and results. The evaluation’s primary focus will be at the level of country studies (that assess donors/agencies as well as country stakeholders), with a few supplementary “studies” where essential to ensure adequate coverage of important issues. 21 partner countries have expressed a strong interest in conducting country-level evaluations and four donor countries have indicated that they would undertake a headquarters-level study to complement those conducted in Phase 1 by other 11 donors/agencies.

The substance and the nature of the evaluation and its conduct are presented in the annexed Approach Paper which is an integral part of the present Terms of Reference. Other source documents referred to should also be consulted by potential contractors as they too contain important and additional background information<sup>3</sup>.

The Terms of Reference are organised into seven sections:

1. *The Paris Declaration and this evaluation.* This introduces the Paris Declaration and the governance structure for the evaluation.
2. *Objectives of the evaluation.*
3. *Approach and methods.* The overall evaluation model and approach that recognises the distinctive methodological challenges of evaluating the Paris Declaration.
4. *The role of the Core Team.* This locates the Core Team within the architecture of the Phase 2 evaluation. It relates the Core Team’s work to that of country-level teams. It also identifies the specific responsibilities of the Core Team over the course of the Phase 2 evaluation.
5. *Timetable and deliverables.*
6. *Profile of the Core Team.*
7. *Expected level of input.*

<sup>3</sup> The source documents can be found on the OECD/DAC Website at: [www.oecd.org/dac/evaluationnetwork](http://www.oecd.org/dac/evaluationnetwork).



# 1. The Paris Declaration and this Evaluation

## 1.1 The Paris Declaration

The Paris Declaration<sup>4</sup> was endorsed at the 2<sup>nd</sup> High Level Forum held in Paris in 2005 by 52 donor and partner countries and 30 other actors in the development cooperation field (UN and other multilateral agencies & NGOs). It aims to strengthen “partnerships” between donor countries and countries receiving aid in order to make aid more effective and to maximise development results. The Declaration consists of 56 “Partnership Commitments” grouped under five overarching ‘principles’:

- **Ownership** by aid-receiving developing countries of their own development strategies and plans
- **Alignment** of donors by using country systems and procedures in support of country plans
- **Harmonisation** of donor actions to minimise administrative burdens and transaction costs on partner countries
- **Managing for Development Results** by partner countries and donors becoming focused on results and using results oriented information to improve decision-making
- **Mutual Accountability**, such that both donors and partner countries take on a joint commitment to achieve development results both to each other and to their own constituents and publics.

The Paris Declaration expresses a broad international consensus developed in the 15 years that preceded 2005 stipulating that new partnership relationships and ways of working between developed countries and partner countries are essential if development results are to be assured, aid well spent and aid volumes maintained.

## 1.2 Evaluation Governance

Considerable thought has gone into ensuring that the governance of this evaluation will be consistent with Paris Declaration partnership principles and entail appropriate involvement, cooperation and ownership by the main stakeholders in the Paris Declaration. This is intended to ensure that the evaluation will be relevant to stakeholders, its results will be used and that evaluators will be able to access needed information. There is also a prior expectation that all stakeholders will be committed to the independence and professional credibility of the evaluation.

A diverse International Reference Group made up of both participating partner countries, donors and multilateral institutions together with international civil society observers will oversee the Phase 2 evaluation. Operational management

<sup>4</sup> The full Declaration can be found at: <http://www.oecd.org/dataoecd/11/41/34428351.pdf>.

will be the responsibility of a smaller Evaluation Management Group, also made up of donor and partner country representatives. The Management Group reports to the International Reference Group. It is explicitly responsible for ensuring the quality and independence of the evaluation, including, among other things, selection of the Core Team. There will also be a Country Reference Group for each country-level evaluation to guide country-level evaluation teams, the country evaluation design, and country-specific evaluation questions; monitor progress, review report drafts and ensuring that country-level evaluations are relevant and well integrated. Similar Reference Groups will be established for the donor/agency headquarters-level evaluations.

## 2. Objectives of the Evaluation

The overall aim of the Phase 2 evaluation is to assess the relevance and effectiveness of the Paris Declaration and its contribution to aid effectiveness and ultimately to development effectiveness, including poverty reduction.

To this end the evaluation will document and analyse the results of the Paris Declaration in terms of improving the effectiveness of aid and the contribution of aid to development results.

The evaluation design as outlined in the Approach Paper, acknowledges the importance of country-specific differences and other differences in policy, history, and resources both among donors and the recipients of aid. The evaluation is therefore expected to analyse results in context, taking into account preconditions or enabling conditions that may lead to or inhibit positive development results supported by aid.

Specific objectives include:

- To document the results achieved through implementing the Paris Declaration.
- To enable country-based “partnerships”, partner countries and donors/agencies to clarify, improve and strengthen policies and practice consistent with the Paris Declaration in pursuit of aid effectiveness and development effectiveness.
- To highlight barriers and difficulties that may limit the effectiveness of the Paris Declaration and its effects and impacts – and how these barriers and difficulties may be overcome.
- To strengthen the knowledge-base as to the ways in which development partnerships can most effectively and efficiently help maximise development results through aid in different development contexts – including various degrees of “fragility”.
- To enable sharing and exchange of experience among stakeholders, countries and partnerships so as to facilitate reflection, lesson-learning and policy improvement.

This evaluation will therefore be summative *and* formative – allowing judgements to be made about what has been achieved whilst at the same time also supporting policy development and improvement across different constituencies and stakeholders.

The political support for the Paris Declaration as a development strategy that was evident at the High Level Forum in Paris in 2005 remains strong. This was underlined at the most recent High Level Forum held in Accra in September 2008. The Accra Agenda for Action further specified some of the Paris Declaration's commitments with the aim in particular of strengthening country ownership; building more inclusive partnerships; and sharpening the focus on development results. The Phase 2 evaluation will therefore need to pay particular attention to implementation of these commitments. These address the concerns of many stakeholders – including policy makers in partner and donor governments; Parliaments, other tiers of government including municipalities; development agencies and IFIs; civil society including the private sector, NGOs and citizens in both partner and donor countries. The Core Team will need to be responsive to this complex multi-stakeholder environment.

### 3. Approach and Methods<sup>5</sup>

An overall evaluation model and approach has been developed that recognises the distinctive methodological challenges of evaluating the Paris Declaration.

The evaluation is expected to provide answers to evaluation questions that stakeholders and constituencies want answers to and can then use to strengthen policies that will improve the effectiveness of aid and the achievement of development results. These questions are detailed in the Approach Paper (paragraphs 42-52) (See the annexed Approach Paper dated xxxx).

*The main elements of the evaluation approach include:*

- Several (15-20) country-level evaluations focusing on country-donor partnership functioning and their development outcomes at country-level, thus including consideration of the effects of donor policies as well as country-level actors on country development prospects.
- A few (four-five) donor/agency headquarters studies to supplement those undertaken in Phase 1.
- Addressing all the five main principles: mutual accountability and managing for development results as well as ownership, alignment and harmonisation.
- Attempting to explain and attribute results to the Paris Declaration, despite predictable difficulties – hence the importance of comparative elements in the proposed design.

<sup>5</sup> See Approach Paper Chapter II, Scope and Focus.

*A mix of suitable methods* for this evaluation has been identified including:

- Syntheses of existing evidence (e.g. secondary sources), evaluations and research in order to avoid unnecessary duplication of effort.
- Comparative case studies that address common themes and sectors – important because more information may be available for some sectors and comparative findings require a focus on common themes.
- Comparative studies, for example between Paris Declaration and non-Paris Declaration type policies (e.g. different aid modalities, global funds etc.) in order to disentangle the contribution of Paris Declaration related and other strategies.
- Backward tracking to past Paris Declaration-like initiatives and their results so as to demonstrate effects over longer periods of time.
- 'Theory based' (longitudinal) studies that are forward looking (i.e. anticipate development results that are in formation but have not become fully evident) by mapping out the plausible links in the causal chain from aid to development results and measure as far as possible "direction of travel" and "distance travelled". This is especially important for some of the longer term effects of the Paris Declaration that will not be evident by 2011.
- Given the intentions of this evaluation to support improvements in policy and practice as well as document/measure achievements and failures, there will need to be a focus on mechanisms of change<sup>6</sup> (i.e. those causal factors that help explain results in context) so as to be able to make credible recommendations.

The challenge of attribution and causal inference is given particular attention in the Approach Paper. The challenges include:

- Different ways in which the Paris Declaration is being implemented.
- Importance of different political, economic and institutional contexts for implementation ("intervening variables").
- Significance of key actors' intentions and priorities.
- Possibilities of multi-directional causality between the main elements in the model.
- Iterative nature of policy implementation associated with the Paris Declaration.
- Limited availability of adequate and relevant data, especially for results and outcomes.

<sup>6</sup> Of the kind identified in paragraph 54 of the Approach Paper.

- The challenges are particularly daunting if development outcomes and results are to be explicitly identified, quantified and attributed.

Despite the relatively detailed level of preparation and agreement about evaluation approach and methods, the difficulties of operationalising these aspirations and intentions across many countries should not be underestimated. This will be a challenge for the Core Team in particular. It is agreed that as part of the evaluation comparisons between experiences will be important. The purposes of these comparisons are also clear: to test attribution claims for the Paris Declaration. The particular form, focus, methods and techniques to be applied will be proposed and justified by the Core Team – both in their proposal and as part of the inception report once work has begun (see below in Section 5.2 for details of expected reports and outputs).

## 4. The Role of the Core Team

### 4.1 The Core Team within the Phase 2 Evaluation Architecture

The importance of the Core Team follows from the architecture of the evaluation.

The Phase 2 evaluation will focus on effects at the level of partner countries and their partnerships, i.e. the joint arrangements between donors and the recipients of aid that have been put in place to support the implementation of the Declaration. There will be country-level evaluation teams in each participating partner country responsible for undertaking independent evaluations of aid effectiveness and development results. These teams will address both:

- 1) Implementation or “process” – a continuation of Phase 1 investigations both in “old” and “new” countries. The “Core Questions”<sup>7</sup> should be relatively few and precise concerning changes of behaviour of countries and donors while allowing countries to adapt these studies to their particular interests, and
- 2) Results or outcomes in terms of aid and development effectiveness. In order to allow meaningful aggregation and synthesis the “generic ToR” including the “core questions” needs to be rather precise, leaving limited room for variations in scope and methodologies.

Whilst most evaluative activity will be undertaken by country-level teams, there may also be a small number of “supplementary studies” where it appears that insufficient evidence will be available from the country studies to allow for firm conclusions to be drawn. These supplementary studies will draw from evidence provided by the country-level studies and on evidence from other countries drawn to the greatest extent possible from secondary sources.

<sup>7</sup> The Core Questions should be drawn from the ToR for Phase 1 country evaluations.

A familiar problem in decentralised evaluations such as this is how to draw valid and defensible general conclusions once all country-level studies are complete. This problem derives from a number of technical reasons. For example, methods and data gathering may not be consistent; specialist skills may be weaker in some teams compared with others; and potential cross-cutting themes are identified too late in the evaluation cycle to allow for comparability.

The Core Team is expected to facilitate coherence and quality across country-level studies as well as donor/agency headquarters-level studies so as to ensure that these are reliable, authoritative and useful bases for synthesising.

### 4.2 Specific responsibilities of the Core Team

The Core Team will be expected to contribute to the Phase 2 evaluation at all stages: at planning and set-up; on an ongoing basis to ensure consistency and solve problems that may arise; and in the final stages when it will be expected to bring together all evaluation findings in a free-standing Synthesis Report. In order to fulfil these responsibilities the Core Team should be in place and working at least five to six months before country-level teams are contracted. The Core Team will report and be responsible to the Evaluation Management Group through the Evaluation Secretariat.

At *planning and set-up* the Core Team will:

*Review and synthesise relevant existing research material and evaluations.* There is a considerable body of research, evaluation, monitoring and data base material that pertains to the countries that will participate in the Phase 2 evaluation. This material needs to be reviewed and collated in a consistent and efficient fashion preferably in a database so that preparatory dossiers are provided to country-level teams when they begin their work.

*Design, subject to the approval of the Evaluation Management Group and the International Reference Group, a “template” for the common elements of country-level studies.* It is important to ensure consistency in data gathering and fieldwork at country level for the common (shared) elements of country-level studies<sup>8</sup>. Consistency should be assured by applying a “Generic Terms of Reference” for the core evaluation questions, methods, types of evidence, quality standards and quality assurance systems that should be applied. Developing such a “template” will ensure that results will be comparable and that synthesis across country-level studies will be possible. The Core team will prepare detailed design to operationalise the Approach Paper’s evaluation framework, propositions and questions into a guide for feasible country studies and, as appropriate, supplementary studies. The Core Team will prepare and manage the four Regional workshops to facilitate this.

<sup>8</sup> The same level of consistency will not be needed for country specific aspects of the evaluation.

*Provide professional input into the selection of country-level teams.* Country-level Reference Groups will take many considerations into account when selecting and contracting their country-level teams. These may include the track-record of potential contractors, their understanding of country and development topics, and the value for money of the offer, as well as national competitive procurement procedures. The Core Team should provide an independent professional input into this process.

On an **ongoing basis once the evaluations have begun**, the Core Team will:

*Provide ongoing advice and support to Country Teams.* In multi-method evaluations decisions always have to be made on an on-going basis once an evaluation begins. Problems of data availability will require substitution of data sources; choices will have to be made about sampling activities or interview respondents; and balance will have to be maintained across the different components of the evaluation. Impartial advice in the face of such decisions will assist country-level teams, facilitate sharing of knowledge, information and experience across teams and reinforce the coherence and comparability of the evaluation as a whole. An interactive web-site will be established by the Core Team to support these activities.

*Propose for the approval of the Evaluation Management Group, any additional supplementary studies and how they should be undertaken.* As has already been noted whilst most evaluative activity will take place at country level some supplementary studies may also be needed. Once the design of country-level studies has been complete it will become clearer which topics may be adequately addressed in which countries and where

additional data and targeted studies may be needed to reach firm conclusions<sup>9</sup>. Some of these supplementary studies may be conducted by the Core Team itself. They are likely to involve cooperation with some if not all country-level teams and (depending on the subject and skills required) they may also involve supplementing Core Team members with other experts as appropriate. The budget for such studies should not be included in the present bid. Each study will be negotiated and contracted separately.

At the **final stages of the evaluation**, the Core Team will:

*Synthesize evaluation results and prepare a final overall evaluation Synthesis Report.* Source material at this stage will have been generated at country level through supplementary studies; and through reviews of existing research, evaluations and data. Synthesis work in preparation of the final report will have to begin before all country-level evaluations are complete, underlining the importance of careful time planning of country-level activities. It will also require working closely with country-level teams to ensure that the overall conclusions of the evaluation are adequately founded on country-level evidence. The final synthesis report should meet the DAC Evaluation Quality Standards.

*Assist with the dissemination of evaluation results.* A comprehensive dissemination plan will be prepared by the Evaluation Secretariat to ensure that the results of the evaluation are available well before the 4<sup>th</sup> High Level Forum, planned for late 2011, and to other constituencies and stakeholders. The Core Team will support and participate in these activities, for example by preparing targeted evaluation products and attending regional workshops.

The full TOR can be found on  
[www.oecd.org/dac/evaluationnetwork/pde](http://www.oecd.org/dac/evaluationnetwork/pde)

<sup>9</sup> It may be that one or more supplementary studies are judged by the Evaluation Management Group to be pressing and therefore need to be started closer to the beginning of the evaluation.

# ANNEX 5

## The Evaluation of the Paris Declaration Phase 2

### Technical Annex to Synthesis Report including List of Key Sources Consulted

May 2011



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## 1. Purpose

The Technical Annex has two aims:

- Firstly, to expand on the concise description of the Evaluation's approach and methodology within the main Synthesis Report.
- Secondly, given that this study is one of the largest joint Evaluations ever undertaken, to draw out lessons learned for any similar exercises in the future.

The text makes reference to a number of additional documents that were produced during the Evaluation process. These are available on the OECD/DAC website or on request.<sup>1</sup> They will also be shared as part of the final repository of Evaluation information. A list of key sources consulted is also attached as part of this Annex.

## 2. Background and Initial Approach

The Paris Declaration (2005) contains a commitment to independent, cross-country evaluation, to provide an understanding of how increased aid effectiveness can contribute to meeting development objectives. The Accra Agenda for Action (2008) specifically committed to "assess whether we have achieved the commitments we agreed in the Paris Declaration and the Accra Agenda for Action, and to what extent aid effectiveness is improving and generating greater development impact."<sup>2</sup>

In 2006, the OECD/DAC Network on Development Evaluation commissioned an Options Paper to help it select an appropriate way to follow up on the 2005 implementation of the Declaration. The paper concluded that, subject to some limitations, the Declaration was broadly 'evaluable' and that an optimal approach would be a set of four connected but loosely integrated evaluation activities; the development of a common framework; country led evaluation initiatives; a set of thematic case studies across donors; and a medium to long-term programme of analytical work.<sup>3</sup>

The Options Paper was internationally circulated to both partner countries and donor agencies. Partner countries in particular expressed their interest in playing major roles within any future evaluation. Subsequently, the Evaluation was designed and implemented, applying a fully joint approach. The design called for two phases, which have been broadly shaped around the first three of the Options Paper components.

<sup>1</sup> Documents will be made available on the OECD website/the Extranet or contact IOD PARC.

<sup>2</sup> Accra Agenda for Action, para. 11.

<sup>3</sup> Booth, D and Evans, A (2006) *Evaluation Network Follow-up to the Paris Declaration on Aid Effectiveness: An Options Paper* (submitted for discussion at the fourth meeting of the DAC Evaluation Network, 30-31 March 2006).

Across both phases, the four main stages of development have been as follows:

### Stage 1 (2005-06) Developing the initial approach

Formation of the international Reference Group (comprised of half partner countries, half donors) plus an Evaluation Management Group that was tasked to secure voluntary participation and funding; developing the Terms of Reference for Phase 1; the establishment of the Evaluation Secretariat (March 2007)

### Stage 2 (2007-08) Implementing Phase 1

The implementation of Phase 1 (carried out at both donor and country level) which considered three main areas: trends or events around early implementation; influences affecting the behaviour of countries and their Development Partners in relation to implementing their Paris commitments; whether implementation appeared to be leading towards the five Principles.

Phase 1 included the "Linkages" study<sup>4</sup> which proposed key elements of design & governance for Phase 2

### Stage 3 (2009-10) Preparation for Phase 2

First meeting of the International Reference Group for Phase 2 (Auckland, February 2009) which resulted in the main Approach Paper for the study.<sup>5</sup>

Production of the Terms of Reference for the Core Evaluation Team (hereafter 'Core Team'). Procurement competition and appointment of the Core Team

### Stage 4 (2009-11) Implementing Phase 2

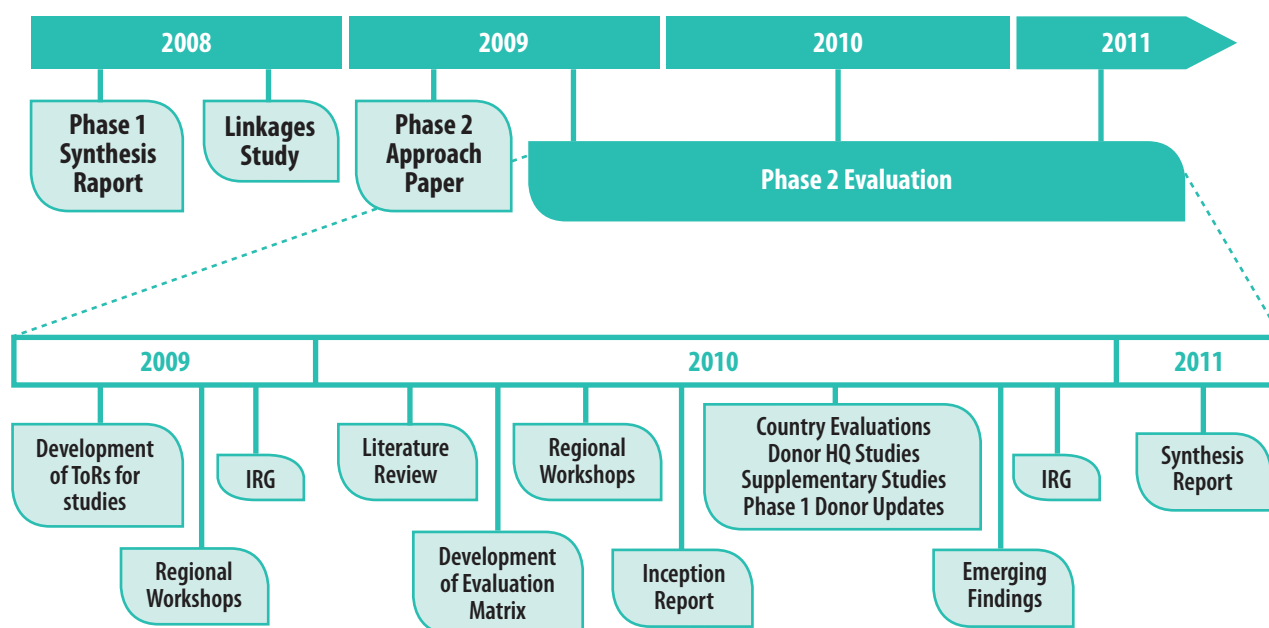
Implementation of Phase 2, which expanded participation to a wider group of countries and donor agencies than Phase 1. Completion of country evaluations and donor/agency studies and updates. Production of the Synthesis Report, working within the international and national level governance structures of the Evaluation, drawing on all the different components of the Evaluation (see Figure 2 on page 199).

<sup>4</sup> Stern, E et al (2008) *Thematic study on the Paris Declaration, Aid Effectiveness and Development Effectiveness*, Copenhagen: DIIS.

<sup>5</sup> Evaluation of the Paris Declaration Phase 2: Approach Paper (25 May 2009).

The key events of the Evaluation are summarised in the timeline below:

Figure 1. Stages of the Evaluation Process



### Components of the Evaluation

The main components of the overall Evaluation have been:

- In Phase 1 (2008): nineteen studies (eight in countries and 11 lighter-touch donor and multilateral agency reviews)
- In Phase 2 (2011): twenty eight studies (21 country evaluations and seven donor/agency headquarter studies) plus more limited updates from donors who were studied in Phase 1 (seven agencies).<sup>6</sup>
- Also in Phase 2, supplementary inputs including studies on “Development Resources Beyond the Current Reach of the Paris Declaration” and a Latin American Survey; the findings from a targeted literature review; and additional specific materials drawn upon as required.

The following diagrams (Figure 2) indicate the components of the Phase 2 Evaluation overall and the geography of the participating countries/agencies.

### Phase 2

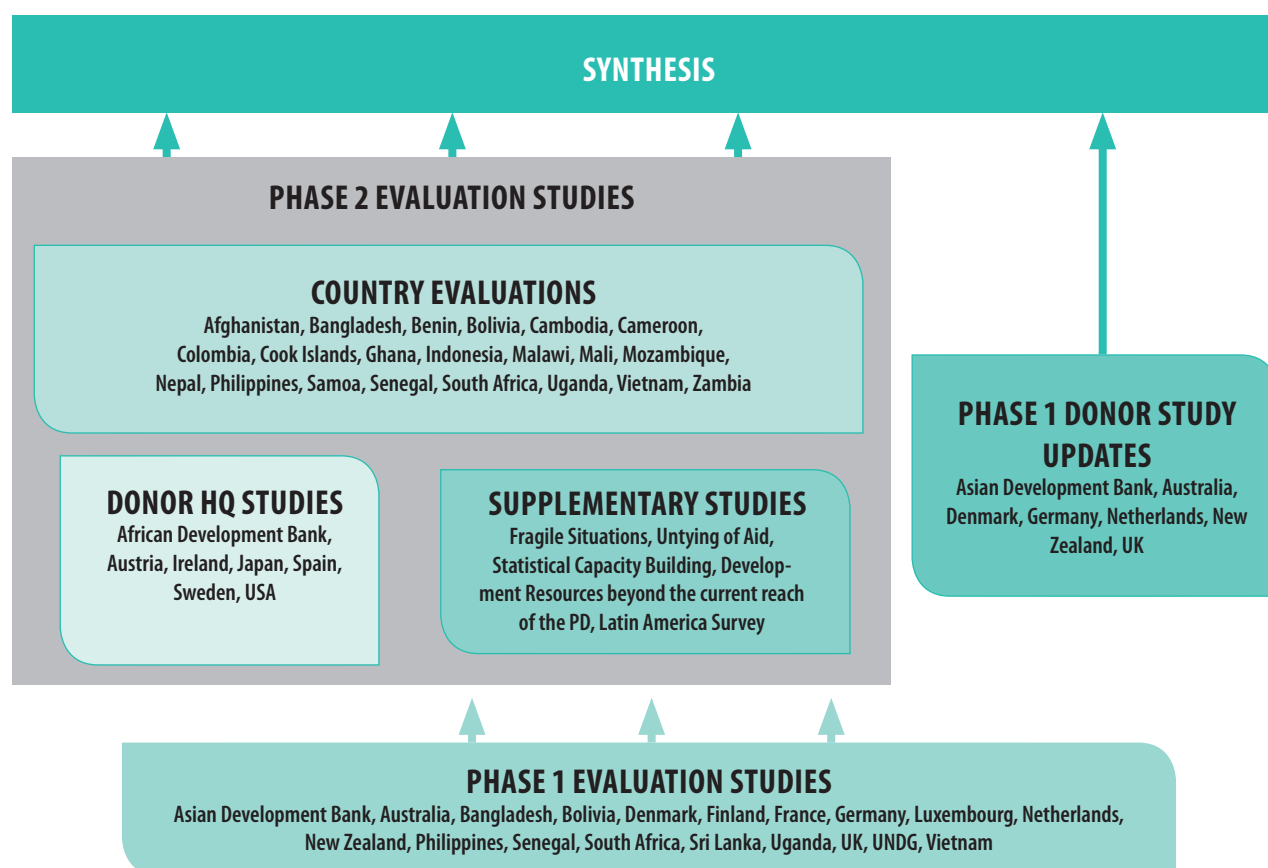
Phase 2 of the Evaluation commenced in September 2009 with the award of contract, following a competitive pro-

urement process, to IOD PARC<sup>7</sup> a UK-based development consultancy. Members of the Core Team were subsequently appointed.

<sup>6</sup> Two proposed country evaluations (in Kyrgyzstan and Sri Lanka) were cancelled because of political change and uncertainty. Considerable effort was made to expand the number of countries in Latin and Central America but Bolivia and Colombia were the only eventual participants; the Latin America survey aimed at addressing this gap in part.

<sup>7</sup> IOD PARC is the trading name of International Organisation Development (IOD) Limited.

Figure 2. Evaluation Components



The **Core Team** comprised experienced development professionals from seven countries, with expertise in a range of

specialist areas related to aid effectiveness. Main areas of responsibility are summarised below:

Name	Location	Areas of responsibility
Bernard Wood	Canada	Team Leader; overall direction and oversight; lead author (Synthesis Report) and core drafting team
Julian Gayfer	UK	Project Director; overall planning and coordination of delivery; process support to country evaluations; core drafting team
Julia Betts	UK	Core Team; Literature review, process support to country evaluations, core drafting team, and lead author (Synthesis Technical Annex)
Florence Etta	Nigeria/US	Core Team; Africa region specialist and support
Dorte Kabell	Denmark	Core Team leading on support to donor headquarter studies and francophone evaluations
Mallika Samaranayake	Sri Lanka	Core Team; Asia region specialist and support
Francisco Sagasti	Peru	Core Team; Latin America region specialist and support
Naomi Ngwira	Malawi	Core Team; process support to Southern/East Africa country evaluations
Ronnie MacPherson	UK	Project support; Knowledge management and communications
Marika Weinhardt	UK	Project support; team process management, Core Team focal point for exchange with evaluation/study teams
Julianna Hyjek	UK	Literature Review

The Core Team organised itself around a set of defined workstreams, with regular team interaction through virtual meetings and face to face meetings at key milestone points in the process. The main phases were: orientation and team organisation (September 2009); inception, including preparation of Inception report (October-March 2010); support to country studies (May-September 2010); preparation for Synthesis process (September-November 2010); Emerging Findings meeting (December 2010); and Synthesis drafting (January-April 2011).

### 3. Developing the Approach and Methodology

Some aspects of Phase 2 were fixed; that is, they were predetermined before the Core Team were contracted. These included:

- **The joint nature of the Evaluation** – it would be conducted across donor agencies and partner countries, and within a governance structure that reflected this.
- **The governance structure**<sup>8</sup> at national and international level, which was devised to ensure the joint nature of the process, above, the participatory, and consultative approach adopted, and to facilitate quality assurance. This briefly comprised: an international structure responsible for conducting the management and assuring the integrity and independence of the process overall; and a 'mirror' system reflected at country/donor headquarter level, with the same responsibility for individual studies.
- **The voluntary basis of participation**, which meant that inclusion in the sample of countries/agencies was essentially on the basis of self-selection.
- **The primacy of the country** as the main arena for evaluation, to allow a focus on how aid effectiveness reform has played out in practice.
- For **donor headquarter studies**, the application of the same Terms of Reference as those from Phase 1.
- **A trilingual exercise**, in order to serve the participants and intended users of the Evaluation as fully as possible, the process was organised to operate throughout in the English, French and Spanish languages.

From September 2009 through to June 2010, the Core Team, in consultation with the Management Group and through two rounds of Regional Workshops, focused on developing

<sup>8</sup> Considerable effort was devoted to mapping out exact roles and responsibilities for the respective layers of governance. Full details are set out within the Evaluation Framework of 2009 (which contains a full section on Accountabilities and Responsibilities) and in the Note on Quality Assurance and Governance Arrangements (May 2010).

and refining the Evaluation's approach and methodology. Participants at the Workshops included, for Round One, mainly national coordinators and members of National Reference Groups, and for Round Two, national coordinators and the team leaders of country evaluation teams who were already contracted.

#### Regional Workshops

Round 1	Round 2
Asia: 27-29 October 2009 (Siem Reap)	Pacific: 3-5 March 2010 (Wellington)
Latin America: 4-6 November 2009 (Bogota)	South Asia: 20-22 April 2010 (Dhaka)
Anglophone Africa: 10-12 November 2009 (Lilongwe)	Africa: 27-29 April 2010 (Tunis)
Francophone Africa: 18-20 November 2009 (Cotonou)	South East Asia: 4-6 May 2010 (Ha Long, Vietnam)
	Latin America: 25-26 May 2010 (Bogota) & 16-17 August 2010 (La Paz)

Tasks at the Workshops included: defining the key principles of the methodology; shaping the Evaluation Questions; confirming the approaches to the methodology; working out how to operationalise the methodology; finalising the evaluation components; and setting out guidance on methods for country and donor studies. The sections below describe how these tasks were approached.

#### Principles Applied

As the Core Team's Terms of Reference stated, the Evaluation was intended to be summative and formative. It needed to allow judgments to be made about what has been achieved in terms of aid effectiveness and development results, whilst also supporting forward-looking policy development and improvement among different constituencies and stakeholders.

At an early stage (drawing on early inputs such as the Approach Paper), the Core Team identified some key principles to apply, endorsed by the Management Group. These were:

- **Utility:** Given the very high stakes involved, the Evaluation was intended above all to be useful – meaning that the evaluation processes, the findings and the way these are reported needed to be handled in credible, relevant and accessible ways.
- **A joint Evaluation:** The Evaluation's governance structures recognised that many participating countries and agencies would be closely involved in all stages of the process – consequently a process of full engagement would be needed to ensure the credibility and utility of the results.

- **The importance of context:** This built upon many of the inputs leading up to Phase 2 including the original Options Paper, was demonstrated by Phase 1, and was noted again in the Approach Paper and Core Team Terms of Reference. It was emphasised even more strongly as the basis for a major evaluation question in the Framework for Phase 2.
- **Comprehensiveness:** The Evaluation was intended to address all the five main principles of the Declaration.
- **Comparability and relevance:** Phase 1 showed the importance of a robust common basis for research and analysis if evaluation at an aggregate level was to take place with confidence, but the importance of treating country-specific issues was also encouraged.
- **Country ownership:** Given the centrality of partner countries and their experience within the Evaluation, this meant ensuring the fullest possible participation in the Evaluation design and applying a common approach, language and methodology across studies.
- **Partnership at country level:** This called for a focus on the workings of country-donor partnerships and development outcomes at country level, to explore the effects of donor policies as well as country-level actors on aid and country development prospects.
- **Knowledge-sharing:** The Evaluation hoped to build capacity in part through a process of continuous sharing of learning, support, peer review and quality assurance.

These principles have helped guide the Evaluation's conduct throughout, including governance processes, methodology design, implementation of country and donor studies, and analysis and synthesis. The following sections of this annex discuss each of these individual areas.

### Shaping the Core Questions and Framework for Conclusions

The broad areas for the Core Questions for the Evaluation were outlined in the Approach paper. This drew in turn on the schema of the Linkages Study and subsequent discussions at the Auckland Workshop, and set out four classes of Evaluation questions for Phase 2. These were:

- the starting conditions in which the Declaration has been implemented;
- results in terms of aid effectiveness and development more directly;
- processes that can help explain results and make it clearer how far these results can be attributed to the Declaration;
- policy alternatives i.e. other ways of achieving the same results.

Two key issues shaped the final formulation of the Core Questions:

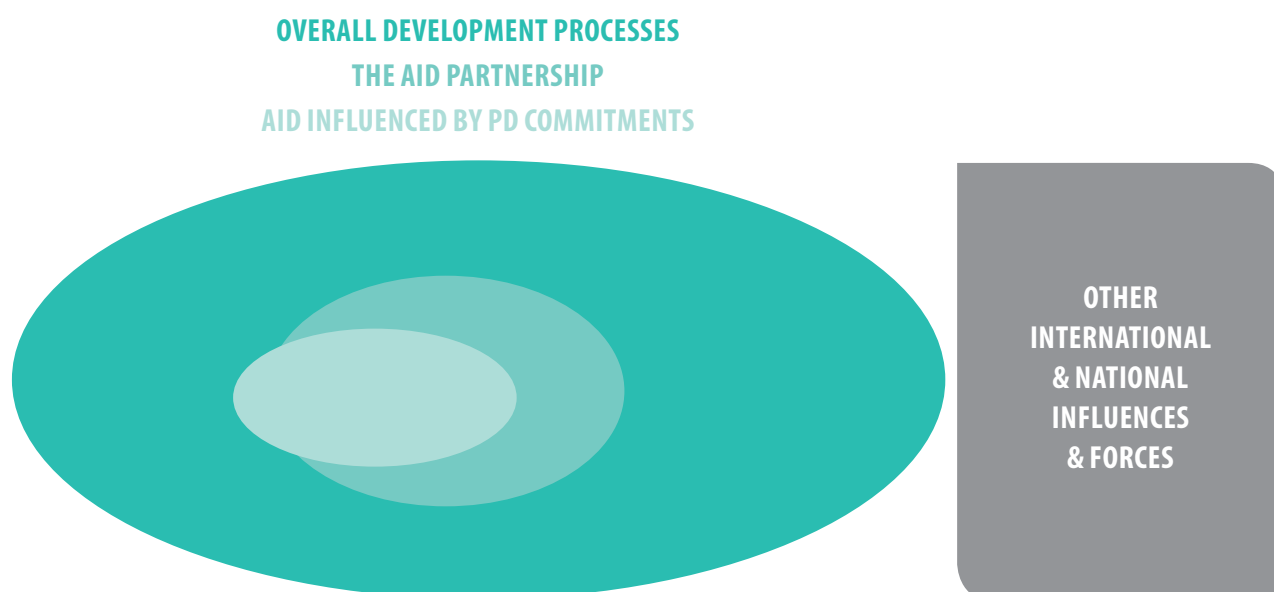
- The centrality of context and particularly the context pre-2005. As the Evaluation Framework (2009) set out, a key starting point was '*...to recognize that the 2005 Declaration itself brought together a variety of reform efforts and initiatives that had been underway in different settings for some years before. Thus the Evaluation should explicitly include assessment of these "upstream" or precursor steps as an integral part of its scope*'<sup>9</sup>
- The recognition that aid is only one part of the many different elements contributing to the processes of development and growth. Its contribution varies in different contexts according to its scale relative to other important factors (such as other resource flows and drivers or obstacles to development).<sup>10</sup>

In trying to capture some of these complexities, and work towards finalising the Core Questions, the following diagram was developed by the Core Team and shared in workshops. It illustrates the logic of the Core Questions and also tries to place the part of aid subject to Declaration commitments in its real context, relative to other sources of development finance and drivers of development in countries. This was intended to encourage a realistic assessment in all studies of the Declaration's (and aid's) possible contributions to development results.

<sup>9</sup> See Figure 1. Sources of the Paris Declaration on Aid Effectiveness; p.2 of Synthesis Report.

<sup>10</sup> See Figure 5. The Context for Implementing the Paris Declaration: Complex Pathways to Change, below.

Figure 3. Aid Reform in Perspective



The Core Questions and sub-questions were then refined and finalised through the first series of Regional Workshops listed above. A participatory approach was adopted, with participants (mainly comprising national evaluation coordinators and reference group members) discussing the first draft suggestions in groups, with the aim of eliciting maximum input, debate and feedback. All workshop documents were posted on the Evaluation Extranet. Subsequently, the draft Framework and Workplan, integrating the results of all the regional workshops, was validated with the full International Reference Group (comprised in large part of regional workshop participants) in December 2009.

The final Core Questions of the Evaluation, confirmed in the Inception Report of June 2010, aimed to help explain:

**1) To what extent the Paris Declaration has been implemented in different countries and donor/agency systems;**

- *Core Q1. "What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?"*

**2) What the effects have been in advancing the specific improvements in aid effectiveness targeted in the Declaration;**

- *Core Q2. "To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?" (Process and intermediate outcomes)*

**3) What contributions can aid effectiveness reforms plausibly be judged to have made to development results;**

- *Core Q3. "Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?" (Development outcomes)*

These questions were supported by a number of sub-questions, set out in the Operational Matrix (described below).

Through the same process, the framework for Conclusions was also finalised. This was in good part informed by discussion at the Auckland Workshop, and eventually formed part of the narrative framework for the Synthesis Report.

### Defining Terms

From a very early stage in the study, different understandings were apparent around some of the basic working terms of the Evaluation, including 'aid', 'capacity', 'social capital' and 'division of labour'. A Glossary was consequently developed and disseminated to teams. This applied OECD/DAC definitions where available. Specific guidance was also produced on more complex issues such as institutional capacity and social capital and on the use of the term 'aid' in the Evaluation (See 'Guidance' p. 210).

### Approach to Methodology

The evaluation methodology for Phase 2 had to meet – as the main Synthesis text expresses – the challenge of assessing the effects of a broad reform agenda which is expressed in a political declaration and which is being applied to both partner and donor countries with widely differing circumstances.

In being an agreed set of principles and commitments to improve the effectiveness of aid (rather than a project or programme, the more usual object of a development evaluation), the Evaluation has more in common with the evaluation of policies or a strategy. As the main Synthesis text notes, the latter is a domain where evaluation is just beginning to be tested.<sup>11</sup> It was also informed by growing experience in evaluating policy influence.<sup>12</sup>

<sup>11</sup> Patrizi, P and Patton, MQ, "Evaluating Strategy" *New Directions for Evaluation*, No. 128, Winter 2010, American Evaluation Association.

<sup>12</sup> Jones, H (2011) *A guide to monitoring and evaluating policy influence*, London: ODI Background Paper.



To address this challenge, it was agreed to use a tested evaluation technique for assessing complex change processes. The Options Paper of 2006 had asserted that the “programme theory” or set of hypotheses that give the Declaration its logic had not been fully articulated. It also concurred with the earlier guidance that this evaluation would need to apply the “theory based” approach of most modern evaluation; that is, to bring to the surface implicit theories of change.<sup>13</sup> On this basis the Core Team returned to the source of the evaluation object itself, the Declaration text, and drew from this the Declaration’s implicit “Programme Theory,”<sup>14</sup> below. This described the underlying logic of the Declaration, including the desired goals expressed (desired outcomes), both intermediate (in improved aid effectiveness) and longer-term (in contributions to improved development results) and the description of how these goals would be generated (programmatic actions).<sup>15</sup> This was presented in the Inception Report of May 2010.

To situate the Programme Theory in its real-world context, and to highlight some of the assumptions implicit within it, the Core Team also illustrated some of the “complex pathways to change” from development objectives to development results in a schematic also attached to the Inception Report (Diagram B, Figure 5 next page). This illustration depicts the many other powerful influences at work on development in different contexts; and the consequent potential and limits on the role of aid in contributing to development results.

Figure 4. Programme Theory

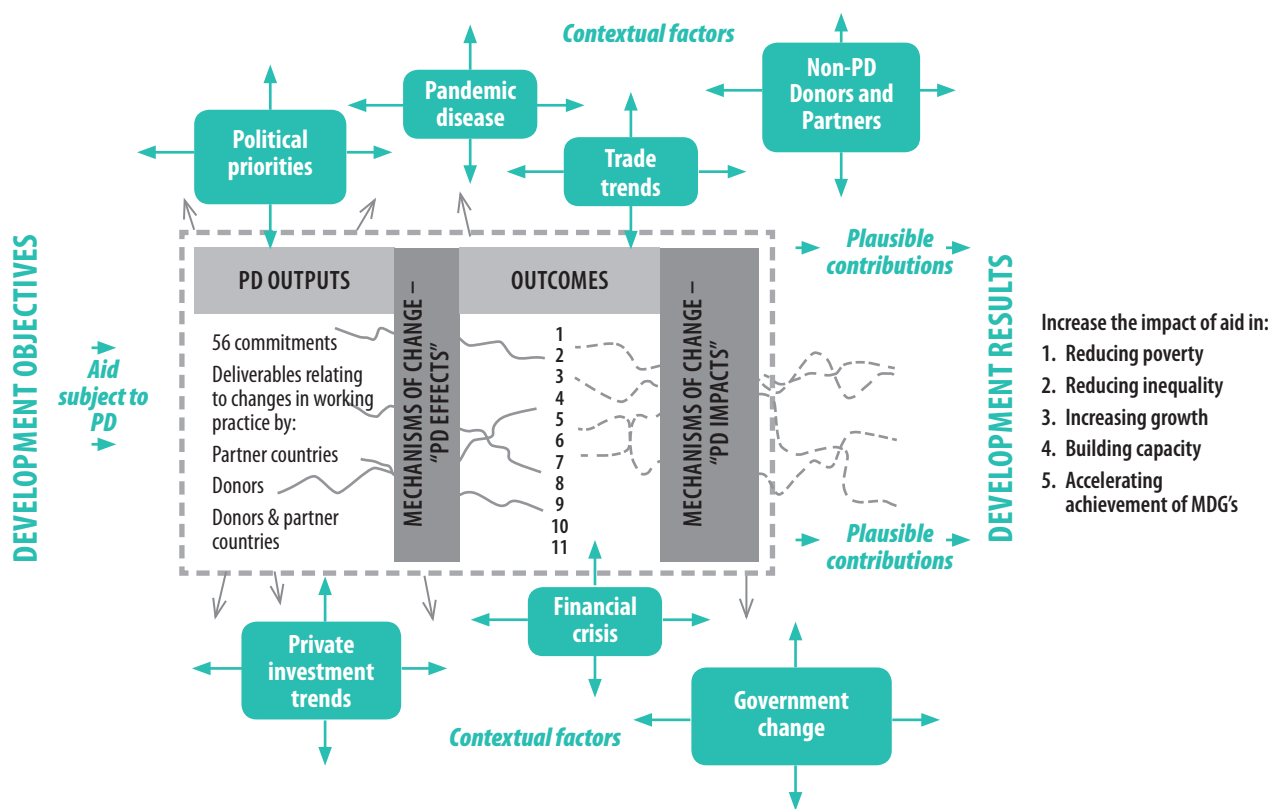
INTENDED DRIVERS	PROGRAMMATIC INPUTS/ACTIONS	PD OUTPUTS	INTENDED INTERMEDIATE (AID EFFECTIVENESS) OUTCOMES	INTENDED LONGER TERM (DEVELOPMENT EFFECTIVENESS) OUTCOMES
<ul style="list-style-type: none"> <li>‘Continued high-level political support’</li> <li>‘Peer pressure’</li> <li>‘Coordinated actions at the global, regional and country levels’</li> </ul>	<ul style="list-style-type: none"> <li>‘Agreed political commitment to change’</li> <li>‘Backed by 56 Partnership commitments, progress measured against 12 specific indicators with targets for year 2010’</li> <li>‘Initiatives by partner countries and donors to establish their own targets for improved aid effectiveness’</li> </ul>	56 commitments  Deliverables relating to changes in working practice by:  Partner countries  Donors  Donors & partner countries	I. “Stronger national strategies and operational frameworks II. Increased alignment of aid with partner countries’ priorities, systems and procedures, help to strengthen capacities III. Defined measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary standards and environmental assessments IV. Less duplication of efforts and rationalised, more cost-effective donor activities V. Reformed and simplified donor policies and procedures, more collaborative behaviour VI. More predictable and multi-year commitments on aid flows to committed partner countries VII. Sufficient delegation of authority to donors’ field staff, and adequate attention to incentives for effective partnerships between donors and partner countries VIII. Sufficient integration of global programmes and initiatives into partner countries’ broader development agendas IX. Stronger partner countries’ capacities to plan, manage and implement results-driven national strategies X. Enhanced respective accountability of countries and donors to citizens and parliaments XI. Less corruption and more transparency, strengthening public support and supporting effective resource mobilisation and allocation”	‘Increase the impact of aid in: 1. Reducing poverty 2. Reducing inequality 3. Increasing growth 4. Building capacity 5. Accelerating achievement of MDGs’
		PD IMPLEMENTATION	MECHANISMS OF CHANGE – “PD EFFECTS”	MECHANISMS OF CHANGE – “PD IMPACTS”

13 Booth, D and Evans, A (op. cit.).

14 The classic definition of ‘programme theory’ is “a specification of what must be done to achieve the desired goals, what other important impacts may also be anticipated, and how these goals and impacts would be generated.” Chen (1990).

15 Examination of the background to the Declaration also shows that this programme theory also builds on the expected sources in the literature, i.e. “prior theory and research, implicit theories of those close to the program, observations of the program, and exploratory research to test critical assumptions.” Donaldson (2001).

Figure 5. The Context for Implementing the Paris Declaration: Complex Pathways to Change



Finally, the Core Team undertook a review and collation of key literature sources at national and international level in order to a) support country and donor evaluations and b) situate the Evaluation in the current research. This exercise was conducted from late 2009 up to May 2010, resulting in a set of three initial Digests on some key sources relating to the three finalised Core Questions. An updated list of key sources was also issued in October 2010, and sources were continually collected and reviewed thereafter (see attached selected list of Key Sources Consulted).

Integrating the principles of the Evaluation, the two key schematics and the approach envisaged in the early inputs into a single methodological framework to respond to the Core Questions was a challenging task. The final Evaluation Methodology opted to recognize that reaching the intended changes (articulated in the Declaration and reflected in the Programme Theory) should be conceived as a journey. It is likely to be travelled by different actors in different ways, in different periods, and at different speeds (context including the pre-2005 situation/other drivers of development). Consequently, the methodological approach adopted focuses on assessing the **direction of travel** towards the intended goals of the Declaration, and then the **pace and distance** travelled so far. This was reflected in the Operational Matrix (below).

Pursuing this approach required a means of addressing the thorny issues of **causality** and **attribution**. Paris Declaration

implementation is a multidimensional, multi-level process, affected by many factors, which can change direction, emphasis, and pace at different times and in response to many different influences. In finding a framework which could describe any relationship between Declaration implementation and accelerated development results, the following realities had to be reflected:

- much of the change process towards aid effectiveness started in many countries **before** the Declaration was formally signed and implemented (i.e. pre-2005);
- as Figure 3 makes abundantly clear, aid is only one of many potential contributory factors to development;
- that other features of a context (governance/political changes/economic crisis/institutional capacity etc) can have far greater effects on development results than aid reform or aid as a whole.

Traditional linear approaches to evaluation which would aim to causally 'attribute' change to the Declaration were consequently not appropriate here. As the main Synthesis Report makes clear, a political statement cannot by itself cause change; rather, what the Evaluation aimed to research is whether the operational commitments, relevant actors and motivational elements that it helped bring together from many sources have actually contributed to the intended improvements. It was therefore agreed with the International

Reference Group that, due to the diffuse nature of the Evaluation object in this case, the use of any simple 'counterfactual' in assessing progress would not be viable methodologically. Attempting to draw linear lines of 'attribution' between Declaration implementation and development results (in sectors or in the form of poverty indicators for example) would be even more flawed as an approach.

Consequently, the Core Team opted to steer a course in favour of '**contribution**' rather than direct attribution, drawing on the work of Mayne (2001)<sup>16</sup> and others and also applied in recent multi-country studies of e.g. Sector Budget Support.<sup>17</sup> Teams were asked to assess the '**plausible contributions**' of the Declaration in their contexts to development results; to clearly evidence any changes and connections observed; and to state as explicitly as possible any other plausible explanations.

To support the application of this approach, specific guidance was produced and circulated. The guidance proposed that teams trace back from the *development results achieved (Q3)* through to the *changes in the way aid has been delivered since the Declaration was enacted (Q2)* through to: *the context and the extent of implementation of Declaration principles (Q1)*, and to explore the links and connections between these processes.

To help them with the final question, teams were also reminded of the list of 'mechanisms of change' in the Approach Paper as potential tools for explaining and/or categorising change.

The final approach and anticipated methodology were clarified in the Evaluation Framework and Generic Terms of Reference for Country Studies, disseminated in December 2009. A workplan and final methodology was confirmed in the Inception Report of May 2010.

## 4. Implementing the Methodology

### Operational Matrix for Country Evaluations

The approaches and methodology needed for such a challenging multi-country Evaluation are unavoidably complex. At the same time, they needed to be translated into a single operational tool, which could be applied across a range of diverse contexts, and which would allow for flexibility, whilst providing the consistency and commonality needed at Synthesis level.

To address this challenge at country level, an **Operational Matrix** was developed as the main evaluation instrument. Described as the 'spine' to the Evaluation, the Matrix was designed to help teams generate a robust and comprehensive response to the Core Questions. It provided a clear common

<sup>16</sup> Mayne, John (2001) 'Addressing Attribution through Contribution Analysis: Using Performance Measures Sensibly' *The Canadian Journal of Programme Evaluation* Vol.6, No. 1, Canadian Evaluation Society.

<sup>17</sup> Williamson, T and Dom, C (2010) *Sector Budget Support in Practice: Synthesis Report* London: Overseas Development Institute.

framework for national evaluation, allowing for exploration of the Declaration implementation in context, whilst facilitating comparative analysis at Synthesis level.

The Matrix places the analysis of *context* at the centre of Phase 2. Core Question 1 is explored through a number of sub-questions, and the Matrix provides guidance on the sorts of indicators and evidence, as well as options for methods or forms of analysis, that teams could apply.

Core Question 2, which seeks to assess the effects of the Declaration on Aid Effectiveness, had proven a challenge for early design and approach work, with pre-2009 inputs highlighting the problems of the definition plus the broad range of possible hypotheses and sub-questions.<sup>18</sup> In December 2009, at a meeting of the Core Team and the Evaluation Management Group, the Core Team proposed the use of the 11 original Paris Declaration "expected outcomes"<sup>19</sup> as the main framework for assessment. This was to prove the major breakthrough in enabling the Evaluation to systematically assess the effects of the Declaration on aid effectiveness.

To operationalise this, the following results sequence was applied within the Matrix (as seen in the example below of one section) to map the progress towards the 11 expected outcomes: (Figure 6, next page)

The emphases of the Accra Agenda for Action were integrated into the results sequence by mapping them across to the progress markers (and highlighting them within the Matrix). The Accra-specific commitment on transparency and accountability for development results (Paragraph 24) was also highlighted within the Matrix (Outcome 10b) since it intensified and added more precision to the Declaration commitments.

Core Question 3, which tackles development outcomes, contains four sub-questions, which had arisen during regional workshops and which were confirmed by the Evaluation Management Group as being of importance. These were, in brief: development results in specific sectors, using health as a tracer sector;<sup>20</sup> the prioritisation of the needs of the poorest, including women and girls; increases in social and institutional capacity; and aid modalities.<sup>21</sup> These questions were addressed sequentially within the Matrix. For all the sub-questions, a similar results logic applies; this is not linear,

<sup>18</sup> Linkages Study, Notes from the Auckland Workshop.

<sup>19</sup> Extracted directly from the opening paragraphs of the Declaration text.

<sup>20</sup> At the first round of regional workshops in 2009, health was debated and agreed as the standard sector given that it is a priority for virtually all countries and donors, a channel for many Declaration practices, is well documented and displays both PD and non-PD-like approaches to aid – such as the vertical health funds.

<sup>21</sup> The mix of aid modalities – between projects, programmes, budget support, etc. – is, as the Synthesis text makes clear, not a development result in the same sense as the sub-questions of Core Question 3, but the findings against this question were considered fundamental, given the widespread assumption that the Declaration agenda is centred on increasing programme-based approaches to aid as a key to better results.

Figure 6. Matrix Results Logic

PD expected outcomes	Progress markers	Potential indicators of change/milestones	Methods/Forms of Analysis	Judgement on progress, especially since 2005	Key reasons & explanation
<b>B Building more inclusive and effective partnerships for development</b>					
iv. Less duplication of efforts and rationalised, more cost-effective donor activities	<ul style="list-style-type: none"> <li>Increased use of donor comparative advantage (relative strengths/complementarity) led by government</li> </ul>	<p><i>Clear views/strategy by Government on donors comparative advantage and how to achieve increased donor complementarity</i></p> <p><i>Evidence of reprogrammed aid according to statement of relative strengths</i></p>	A, C, D	<ul style="list-style-type: none"> <li>Substantial</li> <li>Some</li> <li>Little</li> <li>None</li> <li>Regression</li> </ul>	
	<ul style="list-style-type: none"> <li>Increased 'division of labour' at country/sector level</li> </ul>	<p><i>Mapping process conducted/maintained</i></p> <p><i>Number and type/theme of formal Division of Labour arrangements</i></p> <p><i>Reprogrammed aid according to Division of Labour agreements/arrangements</i></p> <p><i>Cooperative/joint work between agencies within e.g. project modalities</i></p>	A, C	<ul style="list-style-type: none"> <li>Substantial</li> <li>Some</li> <li>Little</li> <li>None</li> <li>Regression</li> </ul>	

but maps the *plausible contribution* of the Declaration and the Accra Agenda for Action towards development results as described above – that is, establishing the extent to which there is evidence of Declaration implementation having accelerated progress towards development outcomes.

For Question 3a) which asked about results in specific sectors, a separate Matrix was developed, linked to the main Operational Matrix but oriented at sector level: (Figure 7 p. 207)

To assess direction, distance, and pace of travel, teams were encouraged to make progress judgements to inform their analysis – evidenced by applying the results logic above – along a defined scale (mainly substantial/some/little/none/regression, with slightly different scales where relevant, as for the case of Question 1). A column for key reasons and explanations was included, in order that judgements could be properly explained and evidenced.

The Matrix was also designed around the DAC criteria for the evaluation of development assistance, namely relevance, effectiveness, efficiency, impact and sustainability.<sup>22</sup> These cut across all of the three Core Questions (and in particular the sector studies), though with some areas of particular emphasis. Relevance for example was explored substantially through Core Question 1, effectiveness and efficiency through Question 2 and impact and sustainability mainly through Question 3. Section 12 con-

<sup>22</sup> See OECD/DAC Standards for Development Evaluation (OECD/DAC 2010).

tains a detailed account of the Evaluation's conduct against the OECD/DAC Standards for Development Evaluation.

To ensure a response to the Declaration and Accra Agenda for Action commitments on gender and exclusion, the Matrix was also comprehensively reviewed for the incorporation of these issues. This took place firstly by drawing on gender and exclusion expertise within the Core Team itself and secondly through quality assurance by a leading gender and aid effectiveness expert.

Finally, the Matrix was refined and agreed through an ongoing process of consultation with the International Reference Group, Evaluation Management Group, National Reference Groups and evaluation teams. This included its discussion in a further series of regional workshops, primarily for evaluation teams, most of which had not been contracted in time for the first round. The final version was applied in all countries of the Evaluation, and formed the basis of all national evaluation reports.

### Donor Headquarter Studies

The Core Team's engagement with the donor studies began with their participation in a preparatory workshop on Agency HQ Evaluations in London September 2009. This confirmed that the Phase 2 studies would be working to the original Terms of Reference for Phase 1. The Core Team subsequently developed a Generic Terms of Reference for the Donor studies, which was based around the intent of the same Terms of

Figure 7. Matrix Results Logic: Sector Level

Intended development results (specify)	Interim development results	Contribution of aid (finance/ other) to the sector	Effects of PD on the aid relationship	Overall aggregate judgement	Key reasons & explanations
Effective, efficient and sustainable progress towards sector long term development goals	<p>Good progress against sector programmes, strategies, policies and related targets</p> <ul style="list-style-type: none"> <li>Evidence of progress towards policy goals?</li> <li>Sector plans implemented as intended?</li> <li>Sector strategies on track?</li> <li>Progress reviews indicate that delivery on-track to meet targets?</li> </ul>	<p>Overall scale of committed aid within the sector, predictability and disbursement.</p> <p>Active and productive policy dialogue in the sector?</p> <p>Alignment of aid with sector programmes, strategies, policies and related targets</p> <p>Sector strategies and plans jointly financed (government and donor) to meet agreed national targets</p>	<p>See note on "Guidance to sector study" – Annex C for detailed set of progress markers/indicators to work through in this column, covering:</p> <ul style="list-style-type: none"> <li>Efficiency in aid delivery</li> <li>Management and use of aid in the sector</li> <li>Partnerships</li> </ul>		

Reference used in Phase 1 while expanding it in line with the overarching Evaluation Methodology for Phase 2. This was approved by the International Reference Group in January 2010.

A Donor Headquarter Study Matrix was subsequently developed, which operationalises the Generic ToR and suggests integrating key elements designed to mirror questions from the country Operational Matrix. In April 2010 the Donor Matrix was shared with the Study Coordinators/Study Teams, to help guide the teams in their work and to ensure a level of commonality among the studies and consistency with both Phase 1 Studies and the ongoing Country Evaluations.

At the same time, the Core Team engaged with Phase 1 Donors to encourage them to develop Updates to their Phase 1 reports. Guidance on how Phase 1 Updates could also be approached in ways that would further strengthen the robustness of the Phase 2 Evaluation was also shared. This included reference to three key follow-on questions:

1. What changes have been proposed and implemented following the Phase 1 Evaluation?
2. Did the Accra Agenda for Action provide further impetus to the Declaration process and result in any specific changes?
3. What reporting has been made to domestic or international accountability structures on the implementation of the Declaration (with copies of the reports)?

Discussions at the International Reference Group in June 2010 confirmed the collective intent behind this approach. However, this intent has not been consistently reflected in the implementation of the studies. In some cases planning of particular studies was already well advanced, preventing the

application of e.g. the mirror questions within studies/or of the Donor Matrix itself.

### Methods for Individual Studies

Making the judgements required by the Matrix on the direction, distance, and pace of travel – in both country and donor studies, as well as the mirror questions in the case of the donor studies – meant reviewing multiple sources of evidence and deploying varied techniques. In advising teams on the methods to apply, the Core Team had to strike a balance between providing guidance to ensure consistency, and recognising the independence of teams to select the appropriate methods for diverse contexts. Capacity and resource constraints also had to be taken into account.

A range of suitable methods were identified within the Evaluation Framework and Operational Matrix, some specifically responding to the challenges of demonstrating contribution. With a view to triangulation and validation, teams were expected to adopt a multi-method approach, using the full range of tools suitable for exploration of the different evaluation questions, and to apply any different methods from those identified if appropriate (in the event, none did).

To support studies, *Methodological guidance* was provided as part of the Evaluation Framework which outlined recommended methods to be employed. The Matrix itself also very specifically set out proposed methods against each evaluation question and sub-question, and also against the intermediate outcomes for Question 2. Again, the aim was not to be overly prescriptive, but rather to provide guidance for teams, to support triangulation by emphasising a multi-method approach, and to generate the essential level of consistency across studies. The Core Team also provided a number of guidance notes that were relevant for both country evaluation and donor



study teams, specified below (e.g. on use of evidence in evaluations) as well as detailed written commentary on proposed methodology in inception reports.

In summary form, the following methods were proposed as part of the Methodological Guidance/Country Operational Matrix. All studies applied some of them, many applied most, but none applied all.

*i) Literature and documentation review:* Including both the wider sources identified through the Synthesis level literature review, and other relevant current literature such as national and sector level statements, policies, strategies and plans, evaluations, reviews, audits and other assessments (national, international, local and external), statistical data etc.

*ii) Quantitative/statistical analysis:* Including trends around international, national, poverty, development, social and economic indicators, aid-specific data etc.

*iii) Survey instruments:* The use of a base common survey instrument (described below). (Most teams applied this to face to face interviews, while some adapted it for an online survey).

*iv) Interviews and focus groups:* Aimed at including a broad range of key stakeholders – government, parliamentarians and other politicians, donor agency, civil society and the private sector.

*v) Stakeholder analysis:* Especially relevant to Q1 on context, as well as to the pre-2005 environment. Key people/groups of people/institutions were suggested.

*vi) Case studies:* Where relevant to explore or illustrate specific themes or sectors. (In fact, the sector studies under Q3 were the only ones applied, mostly from a longitudinal perspective).

*vii) Additional methodological approaches/forms of analysis:* Including Outcome Mapping, decision analysis, appreciative enquiry and Most Significant Change. (A small number of teams proposed Outcome Mapping and Most Significant Change within their Inception Reports, but none actually employed these in their studies, perhaps due to resource constraints).

**Country Survey tool:** To help carry out surveys amongst key partners, a common *Country Survey tool* was developed, based around the key lines of enquiry of the Matrix. The tool was piloted and a finalised version made available to teams. The tool was very comprehensive, and was intended to be used as a basis for teams to develop their own specific instruments. It was widely used, with some teams adapting it to their own specific studies, and others applying it in its entirety.

### Use of Evidence

Phase 1 had highlighted the importance of the use of evidence in substantiating findings. For Phase 2, it was essential to ensure that findings in individual reports were adequately

evidenced, to enable their use in analysis at Synthesis level. This was addressed in two ways. Firstly, a guidance note on the Use of Evidence was issued. This asked teams to ensure 'sufficiency' of evidence in their reports, using an agreed understanding of the term<sup>23</sup> and considering the relevance, reliability and validity of the evidence. Secondly, the guidance noted the use of the Paris Declaration Monitoring Survey indicators as one relevant form of triangulation and verification alongside other sources of evidence. An illustrative example was provided.

### Links with the Paris Declaration Monitoring Survey

With both the Phase 2 Evaluation and the 2011 Survey on Monitoring the Paris Declaration underway concurrently, some participants expressed a need for a clearer understanding the relationships and differences between the two. They also raised concerns about confusion and demands for informants. A guidance note was produced and disseminated – in collaboration with the secretariat for the Survey – entitled: **Evaluation and Monitoring of the Paris Declaration: Difference and Complementarities**. This set out the main substantive areas of commonality and difference; and explained governance, timing and workload issues. It clarified that while the Evaluation recognised the value of the Monitoring Survey, using its indicators within the Matrix (and suggested referring to the 2006 and 2008 Survey results where relevant) its questions and sub-questions are broader, requiring other methods to be applied.

## 5. Supplementary Studies

Under Phase 1, a number of thematic studies had been commissioned to deepen knowledge in particular areas of significance for the Evaluation. These included work on the Untying of Aid:<sup>24</sup> on the applicability of the Declaration in fragile and conflict-affected situations;<sup>25</sup> and statistical capacity-building.<sup>26</sup>

To continue these efforts into the second phase of the Evaluation, a number of supplementary studies were commissioned

<sup>23</sup> 'Sufficiency has to do with the amount of information required to provide persuasive support for the contents of the evaluation report, i.e. will the collective weight of the evidence be sufficient to persuade a reasonable person that the observations and conclusions are valid.' Danida Evaluation Guidelines (2006, p. 69).

<sup>24</sup> Clay, E, Geddes, M, Natali, L and te Velde, D (2008) *Thematic Study: The Developmental Effectiveness of Untied Aid: Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation on Untying ODA to the LDCs Phase 1 Report*, Copenhagen: Ministry of Foreign Affairs of Denmark.

<sup>25</sup> OPM/IDL (2008) *Evaluation of the Implementation of the Paris Declaration: Thematic Study – The applicability of the Paris Declaration in fragile and conflict-affected situations* Copenhagen: Ministry of Foreign Affairs of Denmark.

<sup>26</sup> OPM (2009) *Evaluation of the Implementation of the Paris Declaration: Thematic Study – Support to Statistical Capacity Building, Synthesis Report* Copenhagen: Ministry of Foreign Affairs of Denmark.



during 2009 and 2010. These included: a survey across the Latin America and Caribbean region (implemented in collaboration with the Organisation for American States) and work on Development Resources beyond the Current Reach of the Paris Declaration.<sup>27</sup>

Four more special studies in particular were proposed but not conducted for different reasons:

**1. Gender and social exclusion:** The Core Team considered a Terms of Reference proposed, but recognised that the concept of “social exclusion” is not widely understood across the Evaluation countries (reinforced by the first South East Asia regional workshop). Consequently, the issue was further emphasised via Sub-question 3c and the indicators/progress markers of the Matrix.

**2. ‘Transaction costs’:** This term features heavily in the aid effectiveness discourse yet no internationally agreed definition exists. An initial piece of work<sup>28</sup> was commissioned by the Secretariat (‘Preparation of Concept Note and Terms of Reference for an assessment of the net transaction costs of the implementation of the Paris Declaration’) which showed the term to be unfamiliar to many, misapplied in the view of economists and generally an unhelpful concept for further analysis. Instead, in agreement with the Management Group, the concept of the respective burdens of aid management was integrated across the Matrix.

**3. Managing for Development Results (MfDR):** A concept note drafted by the Core Team was not taken forward by the Management Group on the grounds that the topic should be covered alongside other key issues within the normal treatment in the Evaluation Matrix. Instead, the Core Team was asked to deepen their enquiry on the MfDR issue through a review of recent literature and initiatives, which resulted in an internal working paper.

**4. The Aid Industry Culture:** This proposal arose at the second regional workshop held in Vietnam, but was considered beyond the scope of this Evaluation.

Finally, as part of exploring critical issues, the Core Team itself developed a number of internal working papers: including some work on existing knowledge on aid effectiveness in situations of fragility, Climate Change financing; the evolving position and work of civil society organisations vis-à-vis the Declaration and the Accra Agenda; and a review to deepen the knowledge base on managing for development results.

27 FORO Nacional Internacional (2010) *Development Resources Beyond the Current Reach of the Paris Declaration* Copenhagen: Ministry of Foreign Affairs of Denmark.

28 Lawson, A (2009) *Evaluating the Transaction Costs of Implementing the Paris Declaration, Concept Paper*.

## 6. Experience from the Country Evaluation and Donor Headquarter Studies: Applying the Approach and Methodology

Country evaluations and donor headquarter studies began work from April 2010. Starts were staggered; one country had begun its work in February 2010 and completed its report by August, while another was still negotiating national procurement procedures in October of the same year. Despite these exceptions, the majority of studies were well underway during the June to September period of 2010.

### Support and Capacity Development

Recognising the complexities of the approach and methodology, as well as the parallel function of the Evaluation to develop capacity, the Core Team devised a targeted programme of support to country and donor headquarter studies. This had two forms. Firstly, technical support was provided to teams on an ongoing basis. Secondly, guidance on particularly challenging areas was developed and disseminated.

#### 1. Targeted Support

**Country evaluations:** Recognising the challenges of robust analysis at aggregate level within a decentralised evaluation, the Terms of Reference for the Core Team required them to ‘*facilitate coherence and quality across country-level studies as well as donor/agency headquarter-level studies so as to ensure that these are reliable, authoritative and useful bases for synthesising*’. In May 2010, the Evaluation Management Group approved a proposal from the Core Team to intensify the level of targeted and tailored support to the Country Teams, on the rationale of the breadth and scope of the Evaluation at country level, the implications for capacity requirements, and the Core Team’s experience of country specifics.

As a first step, country evaluations, via the National Coordinator, were allocated a Primary Resource Person from within the Core Team, whose function was to provide advice and guidance on the technical aspects of the Evaluation.

This technical advice role had to strike the balance between recognising the autonomy of individual teams – that is, retaining objectivity and independence – and engaging sufficiently to allow for a relatively free flow of information in terms of questions, areas of clarification etc. After some discussion, the Core Team developed a programme of support which operated mainly around the interpretation and use of the Matrix and clarification on the tools, approaches, mechanisms and methodologies of the Evaluation.

Advice and support were provided through a combination of face-to-face meetings, telephone, videoconference, skype and email. During the period June to November 2010, at least one in-person meeting was held with all evaluation teams bar

four (Cook Islands, Senegal, Ghana and Mali, where interaction took place virtually). The level of support was tailored according to the requirements of teams; some required more intensive engagement, while some were content with the opportunity to ask questions as required and to engage in discussion at identified milestone points (inception, early analysis, draft report). Further individual discussions were held with a number of teams at the Emerging Findings workshop in December 2010.

By keeping in close contact with teams, and by keeping a watching brief on products emerging from the process, Core Team members had good insight into methods being applied (mostly standard qualitative and quantitative techniques), areas of challenge arising in respect of the Matrix (mostly around applying contribution analysis) and the application of the ratings scales provided (a source of hesitancy for some of the teams). Written comments were provided to National Coordinators on Inception and Draft Reports, following a standard template. At country level, this commentary recognised the primary role of the National Reference Group in providing substantive comments, and clarified that remarks from the Core Team were limited to assuring the report's contribution to the Synthesis process.

A further – but very critical – rationale for the support to teams was the aspect of capacity development. There is no doubt that the majority of evaluation teams found the Matrix, and the results logic it contained, very challenging; for several, the shift from direct attribution to contribution analysis required new capabilities and understanding. There were some teams for whom intensive support was clearly a pre-requisite for ensuring the completion of their evaluation to provide full input for the Synthesis level. The support provided, in the various forms of guidance, detailed explanations, the provision of examples around issues and the working terms of the Evaluation, plus comments on inception and draft reports, appeared well received by teams. Its value was noticeable when reports were later analysed at Emerging Findings stage (see below).

**Donor headquarter studies:** at donor level, support to donor headquarter study teams was provided in the form of one dedicated Core Team member, who responded to specific enquiries for advice from the study teams and kept abreast of general progress.

## 2. Guidance

Recognising the breadth and scope of the Matrix for evaluation teams, as well as the complexity of analysis required, a number of guidance papers were produced and disseminated. The topics included: the Glossary; Guidance on Contracting Country Teams; Guidance on Issues of Attribution and Contribution; Guidance on the Use of Evidence; Guidance on question 3c) on Institutional Capacity and Social Capital; and for specific cases, Guidance on handling the Declaration Phase 2 Evaluation in Fragile Situations.

In particular, because of the complexities surrounding the definition of 'aid' – a guidance note titled 'What is Aid in the Paris Declaration and the Evaluation' was developed and shared. This set out the main boundaries around the term 'aid' in the Evaluation, mainly but not exclusively referring to the OECD/DAC definition of Official Development Assistance.<sup>29</sup> It also provided a table setting out how the categories of different resources (e.g. those from providers who have and have not endorsed the Paris Declaration) should be treated.

## 3. Data resulting

The combination of a fairly prescriptive Matrix plus a process of targeted support and guidance showed clear results in the data emerging. As described below, when reports were analysed at Emerging Findings and subsequent stages, a firmer and more consistent evidence base than was available under Phase 1 was apparent. One area of disappointment was the lack of comprehensive application of the ratings scales provided; while some teams had applied these systematically, others had veered away from making such progress judgements. The Core Team's response to this challenge is described in Section 7 below.

# 7. Analysis and Synthesis Process

A lesson from Phase 1 of the Evaluation was the need for a clear direction on the Synthesis process from the start of the Evaluation. This is particularly important where the Evaluation brings together findings across multiple and varied contexts, even where the evaluation framework has been applied specifically to enable cross-case synthesis.

For Phase 2, the Synthesis exercise presented two main challenges. Firstly, a sufficiently robust approach to enable the bringing together of diverse material from a disparate range of contexts for comparability at aggregate level. Secondly, ensuring validity and reliability of the findings and conclusions at Synthesis level. The following section describes how these challenges were addressed.

## Stage 1: Emerging Findings

The Core Team was required to produce an Emerging Findings note for a deadline of November 2010. With this in mind, country and donor evaluation teams were expected to submit their first draft reports by the end of October 2010, to enable analysis. Given the tight timeframe and awareness of some

<sup>29</sup> "Grants or loans to countries and territories on the DAC List of ODA Recipients (developing countries) and to multilateral agencies which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms (if a loan, having a grant element of at least 25 percent). In addition to financial flows, technical cooperation is included in aid. Grants, loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted." Source: DAC Glossary of Key Terms and Concepts, [www.oecd.org/dac/glossary](http://www.oecd.org/dac/glossary).

late starts, it was anticipated that material received would be very diverse.

**Analytical process:** In order to successfully analyse the material within the tight timeframe, and to help meet some of the challenges above, the Core Team prepared a detailed filter template for analysis. This required the designated reviewers within the Team to identify and analyse findings from individual reports along the parameters of the Core Questions and sub-questions of the Matrix. Simultaneously, to ensure that the findings being sifted out were adequately supported by evidence (another lesson learned from Phase 1), reviewers were required to assess both the quality of the evidence presented and the clarity of the analysis.

The analytical tool included rating scales on the following parameters:

For findings	For conclusions
Data transparency and coverage	Extent to which questions were answered
Data reliability and accuracy	Clarity of analysis

Reviewers were also required to specify the main sources of evidence used per question, to enable an aggregate judgement on the main types of evidence, gaps etc.

As expected, some very varied material was made available to the Evaluation team by the Emerging Findings deadline. This ranged from one complete approved report, several final first drafts, some preliminary drafts, and some initial non-approved material which teams had helpfully shared for the use of the Core Team. In some cases, including two donor agencies and one country evaluation, no material was yet available.

It was evident at this point that the technical advice provided by the Core Team had paid off in terms of supporting teams in understanding the Evaluation's approach and working terms, in researching and analysing around the Matrix, and in dealing with issues of contribution and attribution. Generally, the evidence base available was promising, as reflected under the 'data reliability and accuracy' assessments. However, the quality and state of preparedness of material received remained highly varied. As indicated, in many reports, the recommended ratings were not applied at analysis stage, or at least not made explicit in draft material. An additional complication was that almost all of the material at this stage was still embargoed – that is, it had not been cleared by National Reference Groups or donor Reference Groups – so could not be used for quotation or citation (and therefore verification by individual teams) in the Emerging Findings report.

Despite these challenges, in preparing the report, the filter template was applied to the material in hand. It proved extremely useful in terms of both sifting out aggregate findings across a diverse range of material (and enabling a composite

template per question and sub-question to be developed); and identifying where gaps and weaknesses in the evidence remained. Reports were analysed as late as possible, to allow the use of maximum volume of material available while still providing draft materials to workshop participants in time for them to prepare.

**Aggregating Emerging findings material:** To bring together the diverse material available at this stage within the Emerging Findings report, the Core Team went through the following process:

- Extracting the first emerging findings in the filter templates alongside a first check of evidence, using the ratings above.
- Cross-checking templates between Core Team members to ensure rigour and completeness (each completed filter was then verified/quality assured by a second member of the team).
- Assembling findings from all evaluations into a compilation by question and sub-question.
- Analysing assembled findings across reports and categorising responses, at this stage with references to specific individual reports.

The Core Team's expectation of the country material being the prime information source for responding to the Core Questions was starkly borne out at Emerging Findings stage. The primacy of this material, and the extensive collaborative effort devoted to developing the Matrix for country evaluations, was therefore confirmed.

Once the internal Emerging Findings draft had been finalised, citations/references to individual reports were removed for the version for circulation, as required by the embargoed status (though retained by the Core Team for reference).

**Emerging Findings note validation:** The Emerging Findings note, including the gist of the main findings (without quotation or citation) was presented to members of the International Reference Group and donor headquarter studies and country evaluation teams at the Emerging Findings workshop, hosted by the Government of Indonesia in December 2010. All countries and donor agencies participating in the Evaluation were represented at the workshop other than Bolivia.<sup>30</sup>

The Emerging Findings workshop had a number of aims:

- To capture key findings from the draft reports to 1 November, and the additions, clarifications, nuances, differences and questions brought out in discussions.

<sup>30</sup> This was due to logistical reasons beyond their control. A workshop was later held in Lima (January 2011) to feed back the results of the Emerging Findings workshop and to ensure the Bolivian contribution to the Evaluation.

- To follow the Evaluation Questions and Matrix produced in the regional consultations as the agreed framework, consistent with the preliminary Synthesis outline.
- To provide guidance for checking further points by Teams in finalising their reports and by the Core Team in preparing to analyse final reports and other inputs.
- To provide a sense of the likely emerging direction for the overall Evaluation, and to raise any concerns emerging.

The workshop involved a structured process of comment and validation, in which individual representatives presented their own reports and commented upon/validated the Emerging Findings draft text against them. This was particularly challenging given the inability to quote or cite emerging findings from individual reports – making it impossible for individual teams to verify directly whether and where their particular findings were reflected.

Given this major information gap, a composite list was generated of points of apparent agreement and disagreement between the gist of the Emerging findings in the report, built on the participants' articulation of shared findings and additional points of relevance. Overall, the reference to the yardstick of "direction of travel" (rated as positive throughout) was felt to convey too positive an appraisal of progress, although it had been stressed that this was only the most minimal threshold, and pace and distance of travel were far more significant.<sup>31</sup> The Core Team then undertook to review the summary of workshop inputs in detail as final reports were considered and the Synthesis report was prepared.

A number of nuances and clarifications were also provided, which the Core Team also undertook to integrate into Synthesis drafting. Finally, the refinement of the Emerging Findings note – including the key limitations emerging, challenges highlighted at this stage (see below), major themes emerging from the workshop, areas of agreement and disagreement plus the nuances/additions proposed – were presented for any final commentary.

One major limitation apparent at this stage was the insufficiency of donor/agency coverage. It was clear that further steps would be needed to integrate donor/agency findings of Phase 2 studies and updates into the main Evaluation Matrix, and broaden and deepen coverage of donor aid effectiveness responses to the extent possible.

<sup>31</sup> Some possible disagreements emerged: on Outcome 2v on 'reformed and simplified donor policies, more collaborative behaviour' (the Emerging Findings note found 'significant, in some cases substantial, forward movement is found in 11 of the 17 country evaluations') which was at considerable variance with participants' assessments of their evidence and insights. There was also doubt about Sub-question Q3b on gender and social exclusion, where the Emerging Findings note had found a positive trend. The Core Team undertook to resolve these as part of the Synthesis process.

Arising from discussions in Indonesia, the Colombian team, with input from the South Africa team, also carried out some additional work to draw out similar features drawing on the reports of five 'middle income' countries of the evaluation (Colombia, South Africa, Vietnam, Indonesia, the Philippines). These contributions were presented for consideration in the Synthesis process.

### Stage 2: Synthesis Report

The Synthesis stage required the Core Team to '*Synthesise] the results of all the component evaluations of Phase 2, together with Phase 1 and supplementary materials, in a major policy-oriented synthesis report in time to feed into the Seoul High Level Forum.*'<sup>32</sup>

After the Emerging Findings Note had been validated, evaluation teams submitted final reports for review in early January, with some final approved versions arriving later in the month. In addition to continuing to analyse and synthesise the evaluation reports, the Core Team also worked to address the challenges identified at the Emerging Findings Workshop. Specific actions were as follows:

<sup>32</sup> Evaluation Framework p.6.

Holding a 'special measures' workshop for Bolivia to exchange feedback from the Emerging Findings workshop	Held in Lima 13-14 January 2011 with Core Team and Evaluation Secretariat attendance.
Considering additional coverage of donors to complete the picture	The Core Team surveyed other potential sources of evidence. An attempt was made to try to use Monitoring Survey data for across the board donor comparisons, but this was not found comprehensive or credible. Interesting new efforts, including the recent Brookings' Institution/Center for Global Development Quality of Official Development Assistance ratings and the World Bank's 'Aid Quality and Donor Rankings' material were found still experimental (as their respective authors stress) and also heavily reliant on Monitoring Survey data. Ultimately, the Core Team was able to supplement coverage in areas where there was relevant new material from Peer Reviews and other DAC and the Working Party on Aid Effectiveness and by revisiting again the Phase 1 findings.
Integrating material from supplementary studies and other resources	Consideration of the materials on fragile states, untying, statistical capacities, and 'middle income' features as well as the key other studies conducted (above); carrying out a brief update of the work and emerging position of CSOs vis-à-vis the Declaration and the Accra Agenda for Action.
Integrating data from the Monitoring Survey and other relevant Working Party on Aid Effectiveness and DAC materials	Analyses of past Monitoring Survey data undertaken February 2011; review of additional Peer Reviews conducted; integrating additional Working Party documents including the Beginnings Now analysis on country systems and predictability, donor decentralisation, transparency and documents on aid effectiveness and climate change financing/aid predictability.

**Analysis:** From January to mid-February 2011, each final Phase 2 report was analysed and updated against the matrix of Evaluation questions and sub-questions. Where feasible, filter templates were completed or updated; where the late arrival of the report or capacity limitations prevented this, findings were recorded in a continually-updated version of the validated Emerging Findings report, which included references and citations. This process applied the same parameters as the filter template around validity and reliability of information, with judgements being recorded.

This process resulted in a composite evidence base from which key themes could be identified, and critical elements in the narrative could start to be drawn for the Synthesis analysis. It included the findings from all country evaluations and donor studies against the Core Questions, sub-questions and intermediate outcomes of the Matrix. It has provided the main source of evidence for the Synthesis report. Bearing in mind the principle outlined above of the primacy of the country as the main arena for research, the vast weight of the evidence has been drawn from the country study reports, and particularly those from Phase 2.

**Analytical pathways:** Conscious of the international interest in identifying possible categories or trends (whether geographical, thematic or findings-related) in Declaration implementation and results, the Core Team closely examined the evidence to see whether any patterns were apparent. This evidence was drawn largely from the comprehensive set of contextual sub-questions asked in Core Question 1 and included considering countries by region, income and development status, scale of aid flows, length of engagement with the aid effectiveness agenda, extent of Declaration ownership, governance context, experience of natural or political upheaval, and several other potential categories.

Almost all of these possible categories either proved unfruitful, or presented a number of tensions/contradictions/outlying

cases which could not be explained by the data. The only two categories to emerge from the evidence as cohesive enough to merit specific treatment were those of fragility and middle-income status, as discussed in the report. Methodologically, the Evaluation has consequently concluded that applying pre-determined hypotheses or categories across a broad range of country contexts – particularly where these are self-selected – risks presenting dead-ends or artificial groupings which do not reflect the reality of implementing a political compact across a diverse set of nation-states.

**Gender and Exclusion:** As indicated, the evaluation Matrix was comprehensively screened to ensure the integration of gender and exclusion concerns throughout the data collection, analysis and reporting processes during the country studies. With a very few exceptions, such as the Vietnam report, the country evaluation reports in fact presented little evidence beyond that required by Core Question 3b, which relates specifically to these concerns. Therefore, the decision was made at Synthesis stage to aggregate findings on these issues into the report's treatment of this Question.

**Integration of Phase 1 and Phase 2:** Given that the Synthesis report needed to include the integration of Phase 1 evidence, a robust analytical approach to integrating the Phase 1 findings had to be developed. This including triangulating/testing for any tensions or contradictions that emerged around the Phase 2 Core Question 2 findings on aid effectiveness, since this had largely been the focus of Phase 1 at a more preliminary stage. The analytical approach to the Synthesis therefore included mapping the findings from Phase 1 against the Phase 2 findings (using the aggregate areas of analysis under the draft report structure), exploring in detail any differences/divergences/variations, taking note of any expansions or clarifications, and then revisiting these areas in depth before agreeing individual findings/conclusions. In particular, the Phase 1 findings were revisited at the level of donor performance, given the paucity of information on donors available from the country studies under Phase 2.



**Applying data from the Monitoring Survey:** During the course of the Evaluation, a number of critiques arose from country studies on some of the Monitoring Survey indicators. Since the Evaluation applied these only as a supplementary source of evidence, or form of triangulation, this did not affect the validity of the data received. However, critiques were noted and reflected in the Draft and Final Synthesis Reports.<sup>33</sup>

The following table provides a summary of evidence on the Monitoring Survey indicators arising in the Evaluation (note: this is not a systematic or purposeful assessment of the indicators themselves, but rather a reflection of the findings that happened to arise within the Evaluation's country studies):

	Indicator relevant, useful measure	Relevant, but weak measure or sources	Not very relevant or very weak measures or sources
1. Partners have operational development strategies		X	
2. Reliable country systems		X	
3. Aid flows are aligned on national priorities		X	
4. Strengthen capacity by coordinated support			X
5a. Use of country public financial management systems	X		
5b. Use of country procurement systems	X		
6. Strengthen capacity by avoiding parallel implementation structures			X
7. Aid is more predictable	X		
8. Aid is untied	X		
9. Use of common arrangements or procedures		X	
10. Encourage shared analysis		X	
11. Results oriented frameworks			X
12. Mutual accountability		X	

Monitoring survey data was therefore applied in the Synthesis as originally envisaged: as a form of triangulation and validation where it was reported as relevant and useful, with sufficiently robust evidence to support it.

<sup>33</sup> The reports of Vietnam and Colombia provide some useful examples.

**Report drafting process:** The drafting process for the main Synthesis report involved a number of steps:

1. Against the composite evidence base (including Phase 1 studies, Phase 2 and all supplementary forms of evidence), extracting key themes for findings.
2. Tracking back to ensure the logical derivation of the themes from the evidence.
3. Once themes had been verified, drawing these together in narrative form.
4. Once the findings narrative was in place, drawing out conclusions.
5. Tracking back to ensure that conclusions were logically derived from the findings.
6. Distilling key messages and recommendations.

In addition to constant electronic exchange, two meetings of the three-person core drafting team were held in the period January to February 2010. The first session addressed the key themes emerging and the anticipated narrative framework. The second focused on the conclusions and anticipated recommendations.

For the Synthesis, three other elements, which became especially prominent after the Emerging Findings workshop, were also brought into the frame:

- Emphasising pace and distance over direction, since it was apparent from the material received at Emerging Findings point that direction was essentially uniform (forward). This was reinforced by the Emerging Findings workshop.
- Rating the degree of difficulty of achieving the different outcomes against specified criteria, since the Emerging Findings discussions brought home even more powerfully than the reports the very different challenges implicit across the outcomes.
- Integrating different starting points as well as degree of difficulty, since the importance of the pre-2005 context was strongly emphasised in both the material received at Emerging Findings stage and the workshop itself.

In terms of aggregate judgements on the pace of change and the distance remaining to achieve the intended outcomes for the Synthesis report, the Declaration's authors obviously understood that these intended outcomes would not all be fully achieved in five years. Instead, they specified the expected levels of achievement for the selected monitoring indicators. At Synthesis level, therefore, the standard of judgement applied on the intended outcomes was a dual one, blending relative and absolute standards. In relative terms, if reports on some countries or donors showed that they had been able to



substantially achieve the end condition in the intended outcome, this was taken as a measure of the possible. The pace and distance remaining of others were then assessed accordingly. If there was no such standard of basic completion, the assessment here applies an implicit standard that by 2010 the end condition has been at least half achieved, which would merit a 'fast' pace rating and 'little' distance remaining.

The final drafting stage involved raising the level of the report, to ensure that the text of the Evaluation was appropriately policy-oriented. This was a requirement of the Core Team's Terms of Reference and clarified in the Inception Report of December 2009: '*The Synthesis* report, given its nature and its intended uses and audiences, will be much more than a summary of the component [parts] ... Building on these foundations, the Synthesis report will add another level of analysis to draw out the more general trends, findings, conclusions, lessons and recommendations arising around the implementation of the Paris Declaration and (to the extent possible) the Accra Agenda for Action.<sup>34</sup> Meetings of the International Reference Group, including the Emerging Findings session in December 2010 and a final meeting in Copenhagen in April 2011, were a critical stage in ensuring that the expected level had been reached.

The Inception Report's statement of intent around content was also borne in mind during the drafting process: '*The process of drafting the Synthesis Report will need to be grounded systematically and demonstrably in the data, findings, conclusions, lessons and recommendations of the Country Evaluations, the Donor/Agency HQ Studies and the other agreed inputs, refer to them and be able to account for the evidence on which it is based, without becoming a heavy, densely-footnoted document.*' (p.9) During the drafting process, particular attention was paid to the usefulness of the report. An ongoing process took place of checking whether the material being developed met criteria of being useful to country and international aid policymakers and practitioners. Critiques which had arisen during the course of the process on the Monitoring Survey were, in the interests of transparency, included in the drafting content.

The draft text, as far as conclusions and recommendations, was circulated for wider Core Team commentary and validation in late February 2011. A second round of comments was elicited on a complete draft, including conclusions and main recommendations, in early March. A Draft version of the report was submitted to the Evaluation Secretariat on March 9th 2011.

**Validation of the final Synthesis Report:** The process for final validation was as follows:

- Late March-April 2011 – On receiving the Draft Report, the Evaluation Management Group submitted a joint round of comments. The Core Team responded to these and provided both a response to the comments (April 5<sup>th</sup> 2011) and a Revised Draft version of the report (April 7<sup>th</sup> 2011).

<sup>34</sup> Inception Report p. 9.

- April 2011 – the Revised Draft Report was validated with evaluation teams, and written commentary provided by the International Reference Group by a deadline of April 18<sup>th</sup> 2011.
- April 19<sup>th</sup>-25<sup>th</sup> 2011 – the Core Drafting Team reviewed International Reference Group comments received and prepared a full written response.
- April 27<sup>th</sup>-28<sup>th</sup> 2011 – the International Reference Group met in Copenhagen to finally review, validate and approve the Revised Draft Synthesis Report.

The final International Reference Group validation meeting in Copenhagen provided commentary and feedback on the **quality, credibility and clarity** of the Draft Report. In terms of quality and credibility, the report was felt to have met requirements. However, requests for more clarity in its presentation were received. The Core Team took note of the comments, and following re-drafting, a final version of the report, in the three languages of the Evaluation, was presented to the Management Group on May 23<sup>rd</sup> 2011.

## 8. Independence, Integrity and Ethics

The Phase 2 Evaluation's status as a joint international process meant that independence and integrity were critical to ensuring its credibility. Care was taken to throughout design and implementation to ensure this, in the following ways:

- Through the Evaluation's governance processes at both the national and international levels, which has ensured that evaluation teams alone are responsible for the contents of their reports – for example, the explicit responsibility of the National Reference Groups for assuring the independence of country reports.
- Through screening individual reports for independence and transparency as part of the Synthesis analysis process.
- Through the application of the OECD/DAC Quality Standards for Development Evaluation, which have been emphasised throughout at both national and international levels (see below).
- Through the focus on a participatory and consultative approach throughout, both within individual studies and at international Synthesis level, as described above.
- Through an emphasis on transparency throughout, reflected in the sharing of key documents and drafts for scrutiny by external stakeholders at appropriate milestones, supported by the use of a web-based platform (the Extranet) for information-sharing (see below).

- Through a focus on meeting required ethical standards during the conduct of the evaluation, including the recognition of gender consideration and the securing of informed consent of e.g. interviewees through the assurance of anonymity and confidentiality etc.
- Through the integration in the Evaluation Framework and Matrix of aspects of gender equality, human rights and social inclusion, which are prominent in both the Declaration and the Accra Agenda for Action.

## 9. Quality Assurance

Quality assurance has received considerable attention throughout the process of the Phase 2 Evaluation. A paper setting out the provisions was approved by the International Reference Group and disseminated in May 2010. This clearly distinguished quality assurance and control from acceptance of the Evaluation's conclusions.

In brief summary, the quality assurance arrangements were as follows:

- At country level, each evaluation process was required to establish internal quality assurance and control systems. The National Evaluation Coordinator was responsible for quality assuring evaluation reports before submission to the Core Team for inclusion in the Synthesis. The Terms of Reference for the National Reference Group explicitly stated that the quality should be assessed against national, regional or international Evaluation Quality Standards (e.g. the DAC Evaluation Quality Standards) with preference for national standards where they exist.
- Within the Donor Studies Evaluation Coordinators were responsible for quality assuring the study reports before submission to the Core Team for inclusion in the Synthesis.
- The Core Team was tasked to support the quality assurance at national/donor level by engaging with and supporting the country evaluations and if requested the donor studies.

Quality assurance of the work of the Core Team had three levels:

- Internal quality control and assurance of the team's processes through the appointment of a senior team member of the contracted institution (IOD PARC) as Quality Manager.
- Quality assurance by the International Reference Group, who were tasked to oversee evaluation products, including the key documents produced by the Core Team.

- Quality assurance by the Management Group, who were tasked to review all products by the Core Team and to assess and sign off (approve) these.

These arrangements have been comprehensive and are considered to have worked well.

## 10. Limitations and Risks

The main limitations and risks of the Evaluation were recognised from an early stage of the process. They were reported in the Inception Report and confirmed at the Emerging Findings workshop in Indonesia. They include:

- The unusual character of a broad reform programme and political declaration as an evaluation object and the resulting limits on applying standard evaluation methodologies which imply more linear causality.
- The breadth and complexity of the goals of the Declaration and the wide variety of contexts and actors involved, meaning that very few robust analytical categories, groups or trends were found to apply.
- The paucity of data in some areas, including the limited participation by multilateral actors which has meant that very few robust conclusions could be drawn in relation to them.
- The limited time which has elapsed since the Declaration was endorsed in 2005 (and even less since Accra in 2008), meaning that there has been little scope for some of the fundamental changes expected to have been implemented.
- The expectation of breadth and comprehensiveness needing to be balanced with rigor and depth: the Matrix was broad and extensive, and it tested considerably the capacity of evaluation teams.
- The self-selected nature of participating countries and agencies, which limited the representative basis of the component studies, although in fact a reasonably representative distribution among partner countries was achieved.
- The eventually-unrealised hope of achieving sufficient coverage of donors'/agencies' policies and actions on the ground through the country evaluation reports, resulting in limited intersections between donor headquarter studies and country evaluations.
- The fact that the limited methodology for donor/agency headquarter studies from Phase 1 was carried over into Phase 2 – and that a number of key donors did not carry out such studies at all – also meant that the Evaluation

lacked equally targeted instruments to assess donor/agency performance as those for country evaluations, meaning that supplementary sources had to be used to fill the gap.

- Some significant timing failures and delays, particularly around evaluation team procurement and the approval processes for both country and donor reports. Although the Core Team had anticipated this eventuality, and proposed mitigation measures of special catch-up support where needed, material/reports were inevitably delayed both at Emerging Findings and Synthesis stages. This meant that the Core Team was working at various milestone points with material at very different stages of development.

## 11. Knowledge Management and the Extranet

As part of the contractual agreement of the Phase 2 Evaluation, the Core Team had committed to develop an interactive website. Its purpose was to facilitate the sharing of knowledge, information and experience across evaluation teams, and to reinforce the coherence and comparability of the Evaluation as a whole.<sup>35</sup>

A secure, password protected Extranet was subsequently developed during late 2009. This was made available to Evaluation stakeholders – including members of the Evaluation Management Group, International Reference Group, and country evaluation and donor study teams – from December 2009. It consisted of a main ‘parent’ site, accessible to all registered users, and smaller sub-sites for use by each individual evaluation team. Evaluation teams were able to control the level of access other, accessible only to individual teams.

Specifically, the Extranet was designed to provide the following functions:

- A single repository for the primary information and instruments of the Evaluation, including the key background papers, tools (e.g. the Matrix), guidance notes, records of workshops and other information which could be swiftly uploaded then accessed from anywhere in the world, at any point in time.
- A glossary to promote a common interpretation and usage of technical terms.
- A contacts directory, listing all the participants and key stakeholders in the Evaluation, their roles and their contact details.
- A communications function, enabling individuals and teams to communicate directly via the extranet (although the discussions forum was not widely utilised).

<sup>35</sup> Core Team Terms of Reference p. 194.

- A knowledge-sharing platform for country and donor headquarter study teams through e.g. the sharing of individual reports at Emerging Findings and Synthesis stages.
- A forum for status reporting, making progress transparent and comparable across teams.
- A team-specific platform for sharing information internally and e.g. uploading draft versions of reports (individual teams were able to control the level of access other users could have to their sites, thereby enabling teams to work securely and share ‘private’ documentation amongst only immediate colleagues) and controlling document versions.
- Communicating the Evaluation milestones and progress through a calendar function and a timeline.
- An internal working platform for the Core Team, who were internationally dispersed and could consequently engage with working documents from anywhere in the world.
- A management tool for collecting data on usage by a particular country/region at specific points in time.

All material, including video tutorials, was provided in English, French and Spanish, with the Extranet allowing users to quickly switch between languages.

The Extranet was widely used by all stakeholders – over 350 individuals were registered as users. During the course of 2010, the site was visited over 5,000 times with visitors from 72 countries. To date, nearly 1,000 documents have been uploaded. A minority of teams, largely in Africa, reported difficulties in access related to broader connectivity problems in their locations; this was addressed by reverting to email where necessary.

While it required ongoing management and technical input, the Extranet enabled the very rapid dissemination and sharing of information, resulting in much greater coherence across teams than could have been achieved by other possible methods. It also enabled members of evaluation teams to identify themselves as part of a joint, global process, through their use of an interactive tool that located their study in relation to others. It is considered one of the successes of the Evaluation.

## 12. Lessons Learned

The experience of the Evaluation has provided some valuable lessons on the complexities of conducting multi-country and multi-agency studies at the level of a political declaration. Several further stages in drawing lessons will follow, and the Core

Team will participate and contribute, but some of the most critical identified to date are summarised here:

- ***A fully participatory approach is essential but can add burdens of its own*** – to ensure common understandings, to manage consistency and to secure broad-based engagement, participation must be assured – though it also carries the risk of an overload of questions/issues to be addressed within the Evaluation.
- ***Dealing with context means dealing with complexity:*** the Evaluation has confirmed that the systematic analysis of findings across diverse contexts, often generated through diverse methods, requires a very clear central framework for analysis. This also facilitates the assessment of both the quality of evidence provided plus the substance of the findings at Synthesis stage.
- ***Balancing the need for autonomy at local level with the consistency of findings required for synthesis work necessarily involves trade-offs.*** Requirements include a clear common framework which contains a clear results logic, has been developed through a participatory approach, and ensures consistency whilst allowing for flexibility in context. Inevitably, however, some level of autonomy will be sacrificed for comparability.
- ***Balancing comprehensiveness with feasibility of execution in diverse settings should be considered at the outset:*** Some evaluation and study teams were able to start early enough and muster sufficient capacity and cooperation to successfully cover the full terms of reference with confidence. Other experiences were much more uneven, raising the question of whether narrower questions should have been attempted. Given the broad nature of the Declaration, however, this would have required some arbitrary selection, and risked reducing the relevance of the evaluation results.
- ***Where new approaches are required, capacity constraints need to be anticipated and addressed.*** Similarly, support to the technical aspects of individual evaluations is also crucial to ensuring consistency and commonality of approach. Adequate resources for specific technical support are an essential part of the Evaluation design; they should not be seen as 'additional' or to be drawn on 'if/where required'.
- ***The challenges of mapping the contributions of a political Declaration to changed performance and results cannot be underestimated*** – the value of contribution analysis is confirmed; a clear framework for exploring and explaining pathways of contributions is essential as guidance for evaluation teams; and a timeframe well beyond five years is needed to re-confirm direct connections between aid reforms and development results.

- ***Arrangements for designating and mandating national-level structures, contracting teams and approving and releasing reports are subject to country and agency procedures and requirements*** – these can be extended and should be allowed for within timelines.
- ***Where country evaluations and donor headquarter studies are to be carried out concurrently, ToR development and team procurement should take place concurrently where feasible.*** The fact that the donor studies for Phase 2 were already contracted or procuring on narrower ToRs constrained the questions which could be asked, and the consequent information that could be generated.
- ***Ensuring independence is critical,*** particularly where potentially contentious findings are likely to emerge. Strong procedures, as well as clear governance systems, need to be clearly articulated from an early stage, reinforced throughout the process, and checked and verified as part of ongoing Evaluation management.
- ***For a multi-site evaluation, the Synthesis process needs to be clarified from the start*** – the Evaluation has confirmed the value of developing a clear and robust analytical framework for synthesis as early as feasible in the process, to ensure that evaluation design, data collection and analysis are fully geared towards the Synthesis stage.

### 13. OECD/DAC Standards for Development Evaluation

The three Core Evaluation Questions themselves successively emphasise the criteria of efficiency, effectiveness and sustainability. However, the following analysis provides a summary of how the OECD/DAC's Quality Standards for Development Evaluation<sup>36</sup> have been applied in relation to the Phase 2 Evaluation.

<sup>36</sup> 2010 version.

No	Standard	Phase 2 response
<b>1. Overarching Considerations</b>		
1.1	<b>Development Evaluation</b>	Meets requirements of a 'process of determining the worth or significance of a development intervention.'
1.2	<b>Free and open evaluation process</b>	Transparency and independence assured through governance structures and an ongoing approach of transparency and knowledge-sharing.
1.3	<b>Evaluation ethics</b>	Integrity assured through a focus on meeting required ethical standards during the conduct of the Evaluation, and through the integration in the Evaluation Framework and Matrix of aspects of gender equality, human rights and social inclusion.
1.4	<b>Partnership approach</b>	A participatory and consultative process a cornerstone of the Evaluation throughout, reflected both the lead-up the process of implementation (e.g. two rounds of regional workshops and three meetings of the International Reference Group) and within national and donor agency level governance structures.
1.5	<b>Coordination and alignment</b>	Individual country evaluations/donor study reports asked to include details of fit/relationship with other significant ongoing or recent evaluations, evaluation plans or policies.
1.6	<b>Capacity development</b>	Support to country and donor headquarter studies provided with the explicit rationale of capacity building.
1.7	<b>Quality control</b>	A detailed strategy for Quality Management developed at an early stage. Ongoing peer review through the governance structure was also a key feature.
<b>2. Purpose, planning and design</b>		
2.1	<b>Rationale and purpose of the evaluation</b>	Rationale, purpose and timing stated on numerous occasions in inputs since 2006 (e.g. Approach paper and Terms of Reference for the Core Team); also reiterated clearly in the Synthesis Report.
2.2	<b>Specific objectives of the evaluation</b>	As above; specific objectives (a focus on development results as well as aid management) stated in the full range of documentation; reflected in the Core Questions. Effectiveness, efficiency, relevance and sustainability fully embedded in the Core Questions.
2.3	<b>Evaluation object and scope</b>	Evaluation object and scope summarised in the Synthesis report and comprehensively described in inputs to date. Intervention logic set out in the Programme Theory of the Declaration, which has been developed as part of the Evaluation (published in the Inception Report).
2.4	<b>Evaluability</b>	Discussions on the feasibility of the Evaluation by the International Reference Group and Core Team reflected in the Approach Paper and Evaluation Framework. Attribution/contribution (of development results to the implementation of the Declaration) comprehensively discussed and reflected in a Guidance Note to teams.
2.5	<b>Stakeholder involvement</b>	Ongoing participatory approach, reflected in the early International Reference Group involvement in the evaluation design and formulation of the Core Questions through to final validation.
2.6	<b>Systematic consideration of joint evaluation</b>	Reflected in all early inputs and all interim and final outputs, as well as the nature and process of the evaluation design. The Core Questions reflect questions of common interest to all partners; the Country Terms of Reference allow for specific questions of interest to individual partners. A contribution has been made to processes of harmonisation, alignment and an efficient division of labour amongst development partners both at international level (through the Evaluation's Governance Structures) plus national level (within the country structures of the Evaluation).
2.7	<b>Evaluation questions</b>	Core Questions, reflecting the Evaluation's objectives and areas of interest, developed through a joint process at an early stage. These have been the foundation of the methodology (Matrix). Cross-cutting issues such as gender, environment and human rights fully integrated and their presence quality assured.
2.8	<b>Selection and application of evaluation criteria</b>	OECD/DAC criteria applied throughout and emphasised within of country evaluations/donor headquarter studies. Reflected in both the Evaluation design and methodology (see the Evaluation Framework and Inception Report), within the country matrix and donor mirror questions, and reported within this Technical Annex.
2.9	<b>Selection of approach and methodology</b>	Approach and methodology developed in line with the extensive thinking of the Approach Paper and described in the Evaluation Framework and Inception Report, plus in more detail in the Technical Annex. The methodology specifies – without being prescriptive – suggested techniques for data collection and analysis at country/donor level. The Matrix itself draws out the distinction between different results levels (intermediate outcomes (Q2), outcomes and impacts (Q3)).



No	Standard	Phase 2 response
2.10	Resources	Resources for the evaluation agreed by the International Reference Group and Evaluation Management Group, and managed by the Evaluation Secretariat. Internationally agreed as adequate for enabling the Evaluation's objectives to be fulfilled.
2.11	Governance and management structures	Clear Governance structures designed to ensure the independence, integrity and credibility of the process, as well as transparency. Management function separately fulfilled by the Evaluation Secretariat.
2.12	Document defining purpose and expectations	Terms of Reference for the Core Team produced in a participatory way. Employed in conjunction with the Approach Paper to clearly set out the purpose, scope, and objectives of the Evaluation; suggestions for the methodology to be used; the resources and time available; reporting requirements; and all other expectations.
<b>3. Implementation and reporting</b>		
3.1	Evaluation team	A competitive bidding process, led by the Evaluation Management Group, ensuring an open and transparent procurement process for the Core Team. The Team composition provided a balance of gender, geographical mix, skills and thematic knowledge
3.2	Independence of evaluators vis-à-vis stakeholders	Members of the Core Team who are fully independent of aid management and implementation process – being independent consultants who are not employed by government or donor agencies. Supported by the Evaluation Secretariat and Evaluation Management Group to work in a cooperative way with stakeholders, including the International Reference Group and evaluation teams, and to secure access to information without impediment.
3.3	Consultation and protection of stakeholders	As above, a fully participatory approach embedded as a cornerstone of the Evaluation, from the early stages of design (pre-implementation). A broad range of stakeholders were consulted and have contributed at all levels. Evaluation teams asked to ensure the anonymity and confidentiality of respondents when reporting e.g., survey or interview data.
3.4	Implementation of evaluation within allotted time and budget	Evaluation conducted according to the milestones and deadlines outlined in the Inception Report with no 'slippage' on the part of the Synthesis team (though with delays to some country and donor headquarter studies, in some cases significant). Extensions to the budget approved by the Evaluation Management Group resulting from: an expansion in the numbers of participating countries and donors; the rationale for intensifying the Core Team support to country evaluations and the more intensive work than anticipated on the screening and analysis of reports agreed.
3.5	Evaluation report	A specific statement in the Inception Report and Evaluation Framework of the intention to use readily comprehensible, non-technical language, with minimal use of acronyms. Country evaluation Terms of Reference specifically requested this also. This point reiterated at the Emerging Findings workshop of December 2010; the Synthesis Report has aimed to stay true to this commitment.
3.6	Clarity/representativeness of summary	Approved by the International Reference Group as representatively highlighting the main findings, conclusions, recommendations and lessons.
3.7	Context of the development intervention	Context located at the heart of the Evaluation; reflected in the inputs leading up to the Evaluation; in the Core Questions; and consequently in the Evaluation Matrix. Specifically highlighted in Diagram B of the Inception Report and addressed in Core Question 1, which asks a range of questions around the policy, development and institutional context.
3.8	Intervention logic	The Programme Theory, reflected in the Inception Report, makes explicit the intervention logic of the Declaration. Diagram B, on the Context for Implementing the Paris Declaration, also draws out some of the assumptions; and the Mechanisms of Change within the Approach paper (which evaluation teams have been urged to apply) provide hypotheses for the success or otherwise of Paris Declaration implementation.
3.9	Validity and reliability of information sources	Approaches to validity and reliability fully described in the Technical Annex; in summary: a transparent list of the sources of information used is available; a full and cross-validated assessment of validity and reliability of findings at report screening stage (initially Emerging Findings, subsequently for the full Synthesis) via the filter template is described; limitations of the evidence base are described.
3.10	Explanation of the methodology used	Evaluation Methodology described succinctly within the Synthesis report and in more depth in the Technical Annex, including limitations and constraints encountered and data collection and analysis methods.
3.11	Clarity of analysis	Synthesis report distinguishes between findings, conclusions, and recommendations. A step by step and rigorous approach to analysis has ensured that findings, conclusions and recommendations are logically derived from one another and do not contain assumptions or subjective opinion.



No	Standard	Phase 2 response
3.12	Evaluation questions answered	Synthesis Report, building on the Emerging Findings note, responds comprehensively to all three Core Questions and the Framework for Conclusions agreed; it does so at a level which reflects the strategic nature of the Evaluation, with detailed evidence available in the text.
3.13	Acknowledgement of changes and limitations of the evaluation	No discrepancies encountered between the planned and actual implementation of the Evaluation other than a) the withdrawal of two interested countries for reasons of political change or instability and b) decisions to conduct fewer Supplementary Studies than originally intended. The rationale and processes for these decisions clearly and transparently set out in the Inception Report and subsequent communications, and disseminated via the Extranet.
3.14	Acknowledgement of disagreements within the evaluation team	No major and/or unresolved disagreements encountered regarding the substantive findings of the Evaluation within the Core Team (reflected in commentary on the Emerging Findings note/final draft); thus none reported within the Synthesis text.
3.15	Incorporation of stakeholders' comments	Detailed commentary process conducted for both the Emerging Findings and the draft Synthesis report to allow for full stakeholder input and the opportunity to present disagreements/nuances/additions. Comments fully and transparently recorded, and addressed by the Core Team in subsequent iterations of the report.
<b>4. Follow-up, use and learning</b>		
4.1	Timeliness, relevance and use of the evaluation	The Evaluation aims to provide clear and relevant conclusions and recommendations specifically targeted at discussions at the High Level Forum in South Korea in 2011. Timing will allow for discussion of the recommendations in the lead-up to the HLF. A separate dissemination strategy has been developed, led by the Evaluation Secretariat and Management Group.
4.2	Systematic response to and follow-up on recommendations	To be led by the Secretariat and addressed at the High Level Forum..
4.3	Dissemination	As above, specific dissemination strategy developed by the Evaluation Secretariat and Management Group including the targeting of stakeholders external to the Evaluation (including key decision-makers). To be implemented following the report's acceptance by the International Reference Group.

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"This Evaluation Report provides a credible basis for a constructive discussion in respect of the reforms to Aid Management by both Partner Countries and Development Partners in accordance with the Principles enunciated in the Paris Declaration and the Accra Agenda. The extensive country evaluations based on multiple sources of evidence and techniques, and carried out in diverse and complex country contexts admirably succeed in testing the operational commitment of the relevant actors responsible for ensuring improved Aid Effectiveness, and identifies clear and useful norms of good practice to inform future action and the way forward, in terms of what works and what does not work.

An important conclusion of the Report is the realization that successful Aid Reform can only be achieved through a long-term campaign driven by political commitment rather than technocratic fixes. It should be stressed at the same time that this should not offer justification for the slow pace of change registered to date. There is need in this regard to develop robust criteria for constant monitoring of progress."

*Ms. Mary Chinery-Hesse*  
*Member of the African Union Panel of the Wise and*  
*Former Chief Advisor to the President of Ghana*

*Lord Mark Malloch-Brown*  
*Former Administrator of UNDP and*  
*Former UK Minister*

## Countries and agencies evaluated in Phase 1 and/or Phase 2

Afghanistan • African Development Bank • Asian Development Bank  
Australia • Austria • Bangladesh • Benin • Bolivia • Cambodia • Cameroon  
Colombia • Cook Islands • Denmark • Finland • France • Germany  
Ghana • Indonesia • Ireland • Japan • Luxembourg • Malawi • Mali  
Mozambique • Nepal • Netherlands • New Zealand • Philippines  
Samoa • Senegal • South Africa • Spain • Sri Lanka • Sweden • Uganda  
United Kingdom • UNDP/UNDG • USA • Vietnam • Zambia

## Ownership, Alignment, Harmonisation, Results and Accountability



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



부산 세계개발원조총회  
**4th High Level Forum  
on Aid Effectiveness**  
29 Nov – 1 Dec 2011, Busan, Korea