

# Evaluation of the implementation of the Paris Declaration



Synthesis  
report

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DBK Logistic Service  
Mimersvej 4  
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# **EVALUATION OF THE IMPLEMENTATION OF THE PARIS DECLARATION**

## **PHASE ONE**

### **SYNTHESIS REPORT**

Bernard Wood, Team Leader  
Dorte Kabell  
Nansozi Muwanga  
Francisco Sagasti

July 2008

# Preface

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

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

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

- *Phase One* has been conducted with the purpose of strengthening aid effectiveness by assessing changes of behaviour and identifying better practices for partners and donors in implementing the Paris commitments.
- *Phase Two* will be conducted with the purpose of assessing the Declaration's contribution to aid effectiveness and development results.

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

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

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

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

The present report is a synthesis of these 19 evaluations. It was prepared by an independent team comprising Dorte Kabell (Denmark), Nansozi Muwanga (Uganda), Francisco Sagasti (Peru) and Bernard Wood, team leader (Canada).

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

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

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

The Synthesis Team took guidance from the Management Group regarding such issues as interpretation of terms of reference and operational matters, including time frames

and budget constraints. As specified in its mandate, the Team also gave full consideration and responses to substantive comments from both the Reference Group and the Management Group, but the responsibility for the content of this final report, is solely that of the Team.

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

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



**Velayuthan Sivagnanasothy**



**Niels Dabelstein**

*Co-chairs of the Reference and Management Groups*

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

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

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This synthesis report is built upon the studies being synthesized and the work of all their individual author teams, reference groups, participants, informants, and peer reviewers. During the preparation of the synthesis report a number of these contributors have added further valuable insights to

their written products, as have members of the Management and Reference Groups responsible for the overall evaluation.

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

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

## Acronyms

The meaning of the handful of acronyms still appearing in this report is spelled out in the paragraphs where they appear. The deliberate elimination of acronyms and jargon is intended as a small contribution, and perhaps a modest inspiration, to more

direct communication on issues like the Paris Declaration to the world of non-specialists, where the overwhelming majority of humanity is to be found.

# Executive Summary

## Purpose and background

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

- Ownership by countries
- Alignment with countries' strategies, systems and procedures
- Harmonisation of donors' actions
- Managing for results, and
- Mutual accountability

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

This report synthesizes the results of the first evaluation of the early implementation of the Paris Declaration, from March 2005 to late 2007. It comprises extensive assessments in eight countries, together with "lighter" studies on eleven development partner or "donor"<sup>1</sup> agencies, focussing at the headquarters level. Participation by all countries and agencies was voluntary. An international management group managed the evaluation and received guidance from a reference group

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

drawn from 31 countries and institutions. Since it is an early evaluation, the focus is on ways of improving and enhancing implementation, rather than giving any definitive judgment about effectiveness.

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

It should be stressed that no synthesis could hope to capture the full wealth of information, perceptions and insights, and not least remarkably frank assessments, in the individual 19 reports on which it is based. These reports have a value in themselves in advancing the Paris Declaration in the countries and agencies where they have been conducted. Their detailed findings, conclusions and recommendations merit wide national and international attention. Their executive summaries are annexed to this report, and the full texts are available in the enclosed CD-ROM.

## The evaluation questions

The evaluation has focused on answering three central questions:

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

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

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

### **Context is key**

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

## **Implementation of the five commitments: findings and conclusions**

### **Ownership by countries**

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

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

Since 2005, all the donors evaluated have taken further steps to acknowledge the importance of partner country ownership and to ensure that it is respected in practice. At the same

time, most donors’ own political and administrative systems are found to set differing limits on their actual behaviour to support country ownership.

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

### **Alignment with country strategies, institutions and procedures**

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

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

### **Harmonisation of donors’ actions**

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

Debates about the particular instruments of budget support<sup>3</sup> – especially in a number of countries and circles where these instruments have become highly controversial – run

<sup>2</sup> Indicator 1: “At least 75% of partner countries have operational development strategies. (By 2010)”

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

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

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

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

### **Managing for development results**

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

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

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

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

### **Mutual accountability**

All the evaluations convey a sense that the joint processes for tracking progress and resolving problems fall short in terms of mutual accountability. In order to capture what the evaluations actually said about the implementation of the

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

<sup>5</sup> As in the example of Uganda.

mutual accountability commitment, it is necessary to look beyond the single indicator selected for the Monitoring Survey,<sup>6</sup> and go back to the carefully framed and reciprocal package of mutual commitments in the Declaration itself. It shows that the key questions about mutual accountability that otherwise seem unclear or potentially divisive – particularly around who is accountable to whom and for what – had been anticipated and opened up for mutual review by the Declaration.

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

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

### **Overall conclusions**

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

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

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

For their part, most partner countries need:

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

<sup>6</sup> Indicator 12: "All partner countries have mutual assessment reviews in place. (by 2010)".

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

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

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

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

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

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

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

*There are important synergies and tensions between commitments.* Across the board, there are strong indications that movement on the different commitments is in fact mutually reinforcing, but there are also signs of some differences in priorities and possible trade-offs. As implementation advances

on several fronts it is becoming clearer that countries expect donor harmonisation to be country-led, and to be geared to support alignment. Some of the donors are perceived to be emphasizing managing for results, selected aspects of mutual accountability, and harmonisation, while partner countries tend to be most concerned with strengthening alignment and ownership.

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

### **Partner Country Assessments of the Declaration as a Tool for Aid Effectiveness**

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

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

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

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

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

### ***Are the needed commitment, capacities & incentives in place?***

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

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

### **Key Lessons**

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

2. Successful implementation of the Declaration's reforms is much more likely in countries where understanding and involvement are extended beyond narrow circles of specialists, as has been shown in some promising advances in involving legislatures, and civil society in both partner and donor countries. Within many countries, regional and local levels of government are also increasingly important actors and must be fully involved.
3. Other factors for successful implementation in countries often include the role of "champions" who ensure that the necessary capacity is deployed, and lead the vital drive to align aid with the country's budgetary and accountability systems. Among donors, the changes in regulations and practices to delegate greater authority and capacity to field offices have been the most important enabling conditions for successful implementation.
4. Strengthening both the actual capacities of partner country systems to manage aid effectively, and the international recognition of those capacities where they already exist, are now key requirements for advancing the implementation of the Paris Declaration reforms. Using those systems, while accepting and managing the risks involved, is the best way that donors can help build both capacity and trust.
5. The integrated, balanced and reciprocal character of the full package of Paris Declaration commitments needs to be strongly re-affirmed and applied, and the Monitoring Survey and indicators placed in their proper perspective as part of the overall agenda.
6. To offset the image of the Declaration as a "one size fits all" prescription for rigid compliance, there is a need to reiterate and demonstrate that its guidance can and should be adapted to particular country circumstances, while also clarifying the features to be maintained in common.

### **Key Recommendations**

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

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



It is recommended that partner country authorities:

1. Announce, before the end of 2008, a manageable number of prioritized steps they will take to strengthen their leadership of aid relationships up to 2010, in the light of lessons from monitoring, evaluations and other stocktaking to date.
2. Build on the interim reviews of implementation in 2008 to ensure that they have in place a continuing transparent mechanism, ideally anchored in the legislature, for political monitoring and public participation around aid management and reform.
3. Give clear guidance to donors who are supporting capacity-strengthening on their priorities for assistance to manage aid more effectively, consistent with their main development concerns.
4. Work out, by 2010 at the latest, adapted systems of managing for results that will best serve their domestic planning, management and accountability needs, and provide a sufficient basis for harnessing donors' contributions.

It is recommended that development partner/donor authorities:

5. Update their legislatures and publics in 2008 on progress to date with aid effectiveness reforms, underlining the need and plans for further concrete changes to be implemented before 2010 to accept and support country leadership in aid implementation and greater donor harmonisation.
6. Before the end of 2008, announce their further detailed plans to delegate by 2010 to their field offices sufficient decision-making authority, appropriately skilled staff

and other resources to support and participate fully in better-aligned and harmonized country-led cooperation.

7. Specify their concrete planned steps to improve, by 2010 at the latest, the timeliness, completeness and accuracy of their reporting and projections for aid flows to feed into the planning, budgeting and reporting cycles of partner countries, together with other donors. Make the needed provisions for multi-year allocations, commitments, or firm projections.
8. Provide supplementary budgets, staffing and training up to 2010 to help their own programmes adjust for the transitional and new demands and transaction costs and learning needs that are being reported as major concerns in implementing the Paris agenda.
9. Allocate special resources (budgets and coordinated technical assistance) to support and reinforce countries' prioritized efforts to strengthen their own capacities to implement more effective cooperation. Work with partners to design and manage other interim means of implementation (such as project implementation units) so that they steadily enhance capacity and country ownership.

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

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





# 1. Introduction

## 1.1 The Declaration

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

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

## 1.2 The evaluation of implementation

The overall purpose of the two-phase independent evaluation is to assess the relevance and effectiveness of the Paris Decla-

ration and its contribution to development. The evaluation is intended to complement the ongoing monitoring of implementation with a more comprehensive and qualitative understanding of how increased aid effectiveness may contribute towards improved development effectiveness.

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

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

## 1.3 Purpose and scope of the Phase One Evaluation

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

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

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

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

## 1.4 Approach, methodology and limitations

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

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

The architecture of Phase One of the evaluation (2007-2008) has comprised: country level evaluations; donor headquarter evaluations; thematic studies; and the present synthesis of the first two sets. The results of several thematic studies will be released separately. This Synthesis is based on the eight partner country and 11 eleven development partner headquarters evaluations in hand by 1 March, 2008 and inputs from a workshop on emerging findings in early February, 2008.

## 1.5 Country level evaluations

The sample group for the country level evaluations has been a self-selection of partner countries volunteering to conduct such studies<sup>3</sup> applying a set of Generic Terms of Reference (See Annex 3) as well as common guidance for management arrangements. In order to reduce the burdens and maximize the usefulness of the work, the national management groups and teams were free to determine and adapt the depth required of the various dimensions to be investigated in their respective

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

countries. It must be noted that least developed countries are far less heavily represented in this group than in the general population of partner countries. Moreover, half of the self-selected countries are widely viewed as being far above average among all partner countries in the advancement of their aid effectiveness reforms. The possible implications of these characteristics of the group of country evaluations have not been systematically analysed, but they do need to be borne in mind in considering the possible wider applicability of the findings, conclusions and recommendations here.

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

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

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

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

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

<sup>4</sup> Donor agencies volunteered to assist with financial support for country studies.

## 1.6 Development partner headquarters level evaluations

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

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

## 1.7 Emerging findings workshop

Another important contribution was made to the Phase One evaluation by the 50 participants<sup>6</sup> in a workshop on emerging findings organized in Parys, South Africa from 30 January to 1 February, 2008. These sessions generated useful feedback on

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

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

the preliminary findings, helping to test, clarify and amplify many points, and highlighting some for special attention in the final reports. The workshop also helped to examine some important working hypotheses and underlying assumptions about the implementation of the Declaration.

## 1.8 Limitations of the evaluation

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

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

## 1.9 Thematic studies

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

- Statistical Capacity Building;
- Untying of aid; and
- The Paris Declaration and fragile states.

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

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

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

## 1.10 Synthesis report purpose, structure and approach

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

The structure of the synthesis report integrates the overall terms of reference for the Phase One evaluation and the more specific mandates for the different country and development partner agency evaluations. The framework for assessing progress in implementing the Paris Declaration is quite explicitly set out in the fifty-six commitments of the Declaration itself, and the patterns of implementation will be reported against these norms.<sup>8</sup>

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

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

Sections 3.VI and 3.VII synthesize the results of two additional features in the evaluations. Section VI reports on the specific assessments, included in partner country reports only, of the Paris Declaration as a tool for aid effectiveness, including its

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

clarity, relevance and coherence, and on their identification of emerging outputs on the ground. Section VII synthesizes in one place the results of the assessments made in all of the individual evaluations on the "enabling conditions" – "commitment, capacities and incentives" – available in countries and agencies to support successful implementation. These assessments were intended to generate answers to the "whys" and "hows" of performance in the Phase One evaluation.

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

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

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

## 2. The Context for the Implementation of the Paris Declaration

### 2.1 The international reform context

**I**t is important for this evaluation to register clearly that the Paris Declaration in 2005 was not the beginning of serious international concern for maximizing the effectiveness of aid and its contribution to development.<sup>1</sup> The Declaration was, however, a watershed in formalizing and refocusing international attention and concerted efforts to develop an international plan of action.

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

- the failure of much technical assistance to strengthen indigenous capacity;
- the costly tying of aid procurement to national suppliers; and
- examples and patterns of the misuse or misappropriation of resources.

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

Several decades of effort and many unfulfilled expectations on both sides of the development cooperation relationship – and

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

not least the tensions around “structural adjustment” policies and aid conditionalities – had taken their toll on confidence in aid regimes and resulted in a genuine crisis in the field of aid. One tangible indicator of the malaise was decline in international development spending. Different countries and agencies launched or intensified remedial measures of their own, including a farsighted innovation in the Independent Monitoring Group in Tanzania, that was set up to help bridge the gulf between the Government and the international financial institutions and donors.

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

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



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

## 2.2 The context in different countries and institutions

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

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

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

More broadly, it is clear that the engagement and implementation performance of all countries on the Paris Declaration agenda is shaped by their political contexts, nationally, regionally and internationally. In several instances, the evaluation studies highlight substantial shifts and/or uncertainties in performance, attributed to political changes, pressures, and adjustment periods. One other crucial, and changing, part of the context, not yet properly analyzed, is the effect of non-aid

resource flows and growing aid flows which may remain outside the Paris Declaration frameworks (particularly from major foundation and other private sources, non-traditional official donors, and development NGOs.)

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

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

The two multilateral development partners evaluated provided insights into the key multilateral dimension and experience in the overall aid picture. The Asian Development Bank is an important regional international financial institution. The UN Development Group has 27 members, including: 17 UN agencies, programmes and funds; five regional economic commissions; and five observers. The diversity of the UNDG was reflected in the smaller group of five members designated to carry out the assessment.<sup>5</sup>

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

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

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

3 UNDG study survey results.

## 3. Synthesis of Evaluation Findings

### I Ownership

Partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions.

*The Paris Declaration*

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

#### 3.1 Overall appraisal

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

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

within and between partner groups, about the practical meaning and boundaries of country ownership and leadership.

#### 3.2 Emerging trends and events

##### *Building further on pre-Paris foundations*

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

##### *Challenges in deepening and broadening ownership*

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

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

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

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

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

“ The development partners expect a great deal from the Government in order to carry out its coordination roles.

*Senegal evaluation*

Real and pro-active steering of coordination by the country is considered to be the exception.

*France evaluation*

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

*South Africa evaluation* “

### **Acceptance and respect of ownership by development partners**

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

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

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

### **Constraints on development partner support**

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

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

### **Defining and measuring ownership**

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

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

## **3.3 Influences on the behaviour of countries and development partners**

### **Commitment**

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



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

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

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

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

However, there are wide differences among donor countries in this respect. In general those with the broader and deeper bases of political understanding and support (usually where there is stronger understanding by parliaments) have been able to go further and sustain their adaptation to ownership, for example accepting lower direct national visibility and more realistic expectations for results. In countries where the Declaration, and its central commitment of country ownership and leadership, are seen to be mainly about technical and bureaucratic issues, the base for changing behaviour and overcoming the obstacles is demonstrably weaker. Some of

the evaluations and their informants are frank in their assessments that aid effectiveness, as envisioned in the Declaration, does not necessarily outweigh their other national concerns and objectives in their aid programmes.

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

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

### Capacity

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

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

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

*Bolivia evaluation*

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

*UNDG evaluation* “

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

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

Seen from the partner-countries, the capacities of different donors to support ownership and leadership vary consider-

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

### **Incentives**

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

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

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

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

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

Bangladesh evaluation “

### *In development partner agencies*

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

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

### **3.4 Conclusions: Is behaviour changing around ownership?**

1. In all the countries examined, effective country ownership of development cooperation is reasonably strong, and has been reinforced to some degree by the use of the Paris Declaration. Political engagement and leadership in setting

the terms of aid relationships is the most important factor in determining how much the country will exercise ownership in practice.

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

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

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

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

<sup>3</sup> The UNDG evaluation also suggests that this may be true of humanitarian assistance.

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

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

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

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

A substantial number of interlocutors in a clear majority of the Phase One evaluation studies find difficulties in specifically defining the role for ownership and assessing implementa-

tion of this commitment. Nevertheless, the Declaration’s four sub-commitments on ownership go further in doing so than is sometimes recognized. As with a number of the other commitments, the Monitoring Survey indicator on ownership<sup>4</sup> is found in a number of studies to be a necessary but far from sufficient measure.

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

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

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

## II Alignment

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

*The Paris Declaration*

The commitment to alignment encompasses the largest number of action-areas and 15 of the Declaration’s 56 sub-commitments. The broad actions set out are as follows:

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

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

<sup>4</sup> To remind, this is Indicator 1: “At least 75% of partner countries have operational development strategies. (By 2010)”

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

### 3.5 Overall appraisal

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

### 3.6 Donors align with partners' strategies

#### *Emerging trends and events*

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

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

“Most donors have aligned their country programmes to the Socio-Economic Development Plan, or are in the process of doing so.

However, alignment at this level is not a very onerous commitment, and has not involved any significant reorientation in donor programmes. Aligning at the sector level is a more difficult challenge, which depends on the state of planning and budgeting processes in the sectors, as well as on the quality of engagement by donors.

*Vietnam Independent Monitoring Report*

Both the donors and the Government are now asking themselves about the rhythm of changes and the levels of organization needed to generalize the use of country systems.

*Senegal evaluation*

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

*Bolivia evaluation*

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

*UNDG evaluation* “

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



strategic processes and others arising from the Millennium Development Goals.

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

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

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

### ***Influences on the behaviour of countries and development partners***

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

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

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

Thus, especially where they have proven experience and available links to potential project and programme partners within

a country, donors have strong inducements to maintain substantial activities that lie outside or parallel to the framework of national strategic priorities, and they are often asked to do so by those programme partners in countries.

### **3.7 Coordinating support to strengthen capacity**

#### ***Emerging trends and events***

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

“Uncoordinated capacity-building support leads to wasted resources in terms of the following:

- **Outputs/services delivered to clients especially, developed systems and processes/manuals are not officially adopted and therefore not utilized. Reasons cited are: the delays in the approval processes and dearth of enabling conditions (e.g. policy framework, logistics support, personnel counterpart, etc.)**
- **Confusing, overlapping, and duplicative technologies/systems being provided by consultants directly hired by donors. Donors, particularly the bi-laterals, promote systems based on their respective country's experiences and advocacies.**
- **Technical assistance that is abruptly stopped by the donor agency.**

*Philippines evaluation* “

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

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

### **3.8 Building reliable country systems and using country systems**

#### ***Emerging trends and events***

Current efforts to invest in more reliable country systems are

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

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

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

#### ***Influences on the behaviour of countries and development partners***

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

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

“Implementation by government of needed reforms in country systems (such as for procurement) has been slow largely due to inadequate capacity. These capacity constraints will remain

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

a challenge as civil service reforms have not yet delivered terms and conditions that would retain the best staff in the public service, and reforms in administrative governance have not sufficiently tamed bureaucracy and corruption.

*Uganda evaluation*

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

*Philippines evaluation*

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

*United Kingdom evaluation*

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

*Bolivia evaluation* “

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

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

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

### 3.9 Avoiding parallel implementation arrangements

#### *Emerging trends and events*

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

#### *Influences on the behaviour of countries and development partners*

Even when the definition of parallel project implementation units clearly applies, the evaluations note that phasing out existing arrangements, which would require breaking the many contracts involved, is considered to be extremely difficult without jeopardizing the direction and momentum of activities. Even for new activities and in countries with relatively strong capacities, arguments are made from the country perspective for flexible and discerning approaches to

implementation arrangements. Moreover, there are indications that some partner countries have on their own increased the number of independent Project Implementation Units, even while donors were reducing, suggesting a continuing need, and some powerful incentives, behind these flexible and tailored arrangements outside or within the mainstream administrative structures. Several country studies stress that there are good reasons for donors and partner countries to establish integrated Project Implementation Units, applying criteria that they consider most important. The key concerns are seen as avoiding parallel organizational and financial arrangements that undermine ownership or overload or divert partner country capacity.

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

### 3.10 Providing more predictable aid and untying aid

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

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



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

*New Zealand evaluation* “

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

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

### 3.11 Conclusions: Is behaviour around alignment changing?

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

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

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

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

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

First, at the level of the Declaration itself and its frequent follow-up in a wide range of international forums and peer

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

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

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

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

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

<sup>6</sup> Or comparable high-level consultative bodies in some countries.

<sup>7</sup> The Bolivia and Sri Lanka evaluations were less positive than others about the overall grasp of donor's field staff.

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

The real and perceived risks and relative weaknesses of country systems are serious obstacles to further progress with alignment. The Declaration's approach to working with the risks and relative weaknesses of country systems is explicitly to encourage greater effort to help strengthen national procedures and systems, and thus to discourage donors from revert-

ing automatically to using their own systems when obstacles are encountered.

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

### III Harmonisation

Donors' actions are more harmonised, transparent and collectively effective.

*The Paris Declaration*

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

#### 3.12 Overall appraisal

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

#### 3.13 Emerging trends and events

"Common arrangements or procedures" are widely treated as the most important tangible evidence of harmonisation, and the Monitoring Survey's indicator on the "percentage of aid provided as programme-based approaches"<sup>8</sup> has intensified this emphasis. In the evaluations, these arrangements are largely identified with direct (general or sector) budget

support, Sector Wide Approach programmes and other arrangements meeting the criteria of joint planning and harmonisation of procedures. The evaluations show that these arrangements are growing and spreading slowly, and that support remains mixed. One interesting trend in a number of countries is toward harmonised, basket funds for support to civil society, usually with indigenous management and governance structures drawn from the sector itself.

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

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

*Germany evaluation*

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

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

France evaluation “

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

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

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

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

joint, financing is still often favoured, diluting the benefits of simplified procedures and reduced transaction costs.

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

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

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

### 3.14 Influences on the behaviour of countries and development partners

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

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

*New Zealand evaluation*

Within a sector-wide approach aimed at increasing the coherence between policies, expenditures and real results, the Netherlands, Sweden and Denmark assign resources to the National Government through a basket of funds mechanism that are executed under national norms [and systems] so as to harmonize donor systems.

*Bolivia evaluation*

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

*Denmark evaluation*

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

*Australia evaluation*

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

*Netherlands evaluation* “

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

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

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

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

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

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

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

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

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

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

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

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

The efficiency and effectiveness cases for the benefits of harmonisation and pooling of effort in many of the other areas could be very helpful in enlisting wider public and political understanding and support for implementing the Declaration. Given the uneven progress being achieved with common ar-

rangements and simplified procedures, sharing and replicating relevant good practice is seen as a high priority.

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

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

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

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

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

## IV Managing for Results

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

*The Paris Declaration*

### 3.16 Overall appraisal

Among the five commitments, almost all the evaluations find that relatively little progress is being reported on implementation of the commitments on "managing for development results" in comparison with issues of alignment, harmonisation, or ownership. Several explanations are suggested, including the fact that these three latter concepts have been familiar in the effectiveness discussion for much longer, and

thus that there may simply be a question of "maturation" of the two newer sets of issues. The analysis from the evaluations may help suggest some other explanations and ways ahead.

### 3.17 Emerging trends and events

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



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

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

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

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

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

*France evaluation*

**The reality, however, is that many Pacific partner countries are still struggling to improve national and sector planning and budgeting processes. This is not only a barrier to partners exercising**

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

**more meaningful ownership, but it is also a prerequisite for the development of meaningful results frameworks.**

*New Zealand evaluation*

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

*Netherlands evaluation*

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

*UNDG evaluation* “

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

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

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

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

### 3.18 Influences on the behaviour of countries and development partners

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

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

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

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

“ [In Uganda] Credit is given to the government for including a results and policy matrix in the 2004 Poverty Eradication Action Plan (PEAP) which specifies targets for key outcomes and therefore provides a framework for development partners to align their interventions with the country’s development strategy and targets. However, the PEAP matrix, whilst drawing in annualized policy actions as intermediate measures of performance, has not managed to effectively operationalize or link these intermediate measures to sector work plans. Hence there remains something of a delink between

ongoing performance and the outcome statements and measures recorded. Given the annual nature of some of the instruments that provide financial support for PEAP implementation, such as the Poverty Reduction Strategy Credit of the World Bank, performance-related indicators that trigger disbursements may not be connected to outcomes in the results matrix, thus introducing a disconnect between the results matrix and the basis for resource flow.

On paper, sector strategies are rooted in the PEAP which also forms the basis for the Medium Term Expenditure Framework (MTEF) – a rolling three-year framework within which resources (from both the Government of Uganda and development partners) are allocated to sectors. The MTEF also provides a mechanism for translating policy pledges deriving from the PEAP into budgetary commitments.

*Uganda evaluation*

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

*United Kingdom evaluation* “

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

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

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

### 3.19 Conclusions: Is behaviour changing around managing for results?

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

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

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

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

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

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

## V Mutual Accountability

Donors and partners are accountable for development results:

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

The Paris Declaration

### 3.20 Overall appraisal

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

### 3.21 Emerging trends or events

Part of the explanation for the sparse progress recorded on

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

The criteria for mutual accountability:

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



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

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

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

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

#### **Mechanisms for Mutual Assessment of Progress**

- i. Annual (usually) consultations around major national strategies: development strategies; programs of action; poverty reduction strategies (including for example the Bangladesh accountability forum);

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

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

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

*Uganda evaluation*

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

*Sri Lanka evaluation*

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

in implementing agreed commitment on aid effectiveness.

*UNDG evaluation*

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

*United Kingdom evaluation* “

### 3.22 Performance information and capacity for mutual accountability

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

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

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

#### Evaluations

Evaluations have been raised as an accountability mechanism, but this also poses the crucial question: “accountability to whom?” One of the country studies cited an emerging demand for evaluations to be conducted outside government and donor structures, with a view to the overarching accountability to civil society. Accountability between donors and partner countries is reflected in an increasing number of joint evaluations. These are generally seen as of better quality and more useful due to the

shared ownership, although some see a risk of bias due to limits on independence. A third innovative type of evaluation has been cited by UNIFEM, which has pioneered multi-stakeholder gender equality evaluations involving a number of donors and national partners. This evaluation is also an example of a joint evaluation for mutual accountability.

#### The Monitoring Surveys

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

### 3.23 Influences on the behaviour of countries and development partners

#### Confusion and controversy

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

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

#### The information and accountability base

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

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

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

### ***The Monitoring Survey***

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

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

### ***A “level playing field”***

Reciprocal incentive for accountability? More fundamentally, the question has been raised as to whether at the present stage accountability can be fully mutual between countries and those providing them with development assistance. The question was explicitly raised in two country evaluations about the relative means available to the two parties for assuring compliance, pointing out that the donor’s option of reducing or withdrawing its aid has no matching equivalent in the hands of the part-

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

ner country, which is always constrained to whatever degree it considers the aid involved important. Getting this balance right is essential for ensuring compliance with the Declaration’s commitment of mutual accountability. The South Africa evaluation highlights the distinctions between exchange of information, as a minimum threshold in mutual accountability, and additional measures of mutual assurance, ranging all the way to contractual or quasi-contractual arrangements.<sup>11</sup>

“The embassies mentioned a variety of measure to improve the accountability of the Netherlands towards the partner country. These can be summarised as follows:

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

*Netherlands evaluation* “

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

<sup>11</sup> It cites a preliminary ODI 2006 study for this evaluation which pointed out that there are three main requirements for mutual accountability: the availability and use of information, mechanisms for monitoring performance and the existence of adequate incentives for compliance. South Africa evaluation, p.46.

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

### ***Dangers of overload or fatigue?***

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

### **3.24 Conclusions: Is behaviour changing around mutual accountability?**

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

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

“There is no single model for an effective Partnership Group. The report usefully describe a “partnership journey, in which Vietnamese agencies and their donor partners proceed from a shared

diagnosis of the challenges prevailing in the sector, through the development of shared action plans and the mobilisation of resources, to developing common implementation and monitoring arrangements. The form and function of Partnership Groups evolves through this process. Different sectors are currently at different points on this journey. The most effective Partnership Groups – for example, in education – began as simple structures for sharing information, and evolved over a number of years into a more sophisticated form as donors moved into programmatic support and the development partnership matured. On the other hand, the report warns:

The Independent Monitoring Team (IMT) found that commitment to the Hanoi Core Statement is still solid on both sides, but a certain fatigue is apparent. When the structures and processes become too elaborate, aid-effectiveness fatigue becomes a genuine risk.

*Vietnam Independent Monitoring Report* “

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

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

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

Six of the country studies covered in this report – those for Bangladesh, Bolivia, the Philippines, Senegal, South Africa, and Sri Lanka – included dedicated chapters providing assessments of the Paris Declaration as a tool for aid effectiveness, specifically examining the clarity, relevance, and internal coherence of its provisions for the country concerned. These

special chapters, some of which treat the issues in considerable depth, merit particular attention as examples of current thinking in a number of diverse countries.

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

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

### 3.25 Overall appraisal

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

### 3.26 Clarity

The reports’ assessments on the clarity of the Paris Declaration as a tool for improving aid effectiveness are mainly focused in three areas:<sup>12</sup>

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

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

Five of the six reports stressed the very different levels of clarity of the Declaration as seen by different groups of stakeholders, depending on the intensity and type of involvement they have had in its design and negotiation, coordination and monitoring, or more practical implementation. In all these cases the assessments are that the Declaration is clear to those most directly concerned at the central coordinating levels of governments and among key personnel in partner embassies and field offices. Fairly consistently, however, that clarity is found to diminish as the assessment moves out to

<sup>12</sup> Another point of “clarity” raised, but mainly covered in the discussion of relevance, concerns the “clarity” of the Declaration’s framework for implementation, particularly at the sector and sub-national levels.

the wider circles of officials (in line ministries and sub-national government bodies, other than the most closely and longest engaged) and other stakeholders outside Government, whose understanding and engagement are important for implementation and support.

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

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

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

“...some government stakeholders believe that the Paris Declaration gave them a stronger hand in dealing with Development Partners. The Paris Declaration gave them the tool to remind donors of their own commitment to allowing government to take leadership in developing strategies and setting developing priorities and development partners aligning and harmonizing their support.

Uganda evaluation “



### 3.27 Relevance

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

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

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

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

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

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

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

#### ***The political resonance of the Declaration is limited***

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

#### ***Relevance also depends on expectations***

A further paradox is that the relevance of the Declaration is

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

#### ***The perception of being "donor-driven"***

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

### 3.28 Coherence

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

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

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

Other particular points of coherence stressed are that:

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

## VII Are the needed commitment, capacities and incentives in place?

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

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

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

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

One final note in presenting the following summary assessments is that they reflect an amalgam of findings and conclusions from both country and development partner assessments. The country evaluations in particular were asked to provide assessments of both their own and donors’ enabling conditions, and some of the donor assessments also included inputs from partner countries. It is worth emphasizing that, after analyzing the evidence on these points, there is no need

to break out country and development partner assessments, as their self-assessments and mutual assessments arrived at remarkably consistent results.

### Commitment

#### In partner countries:

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

#### In development partner agencies:

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

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



## Capacities

### In partner countries:

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

### In development partner agencies:

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

## Incentives/disincentives

### In partner countries:

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

### In development partner agencies:

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

## 4. Broader conclusions and issues around the implementation of the Paris Declaration as a whole

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

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

### 4.1 A political agenda for action, not just technical

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

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

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

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

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

### 4.2 Still a shared agenda, with some divergences

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

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

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

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

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

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

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

### 4.3 Strengthening capacity and trust in country systems

One of the most important obstacles to implementing the Declaration is the continuing reality – and sometimes just the outdated perception among most development partners – that capacities and systems in partner countries are not strong or reliable enough to carry the full responsibilities for managing aid prescribed in the Declaration. This obstacle is repeatedly identified in almost all of the evaluations, even

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

though the countries assessed here include some of those with the strongest capacities and most advanced systems among all partner countries.

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

### 4.4 Differing expectations and uses of the Declaration

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

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

### 4.5 Dealing with different contexts

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

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

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

*Germany evaluation* “

#### 4.6 The uses and limits of the monitoring indicators

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

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

necessarily the most important or appropriate to capture the key changes required.

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

... some of the commitments have only one indicator which does not fully capture the essence of the commitments made under a particular theme. Hence the analysis in this report extends beyond the 12 Paris Declaration indicators to cover important commitments not fully captured by the respective indicator.

*Uganda evaluation* “

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

#### 4.7 Synergies and tensions between commitments

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

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

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

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

### **4.8 The issues of transition and transaction costs in implementation**

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

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

## 5. Key Lessons and Recommendations

### 5.1 Lessons

**L**esson 1: To counter the growing risks of bureaucratization

and “aid effectiveness fatigue” warned against in the evaluations, concrete and continuing measures are needed to re-energize and sustain high-level political engagement in the implementation of aid effectiveness reforms. Faster movement from rhetoric to action by both partner Governments and donors is now crucial to retaining the Declaration’s credibility.

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

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

Experience in the countries covered in this evaluation has shown the generally limited circles of involvement to date, but also promising examples of wider involvement of parliaments and citizens, and less polarized attitudes. The story needs to

be told more widely, in non-bureaucratic terms, of the reasons reform is needed, some of the improvement already being accomplished, the important and difficult work that lies ahead, and the benefits that can be expected.

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

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

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

The evaluation has clearly shown that the 12 monitoring indicators have become such a focus of attention that the other 44 commitments in the Declaration are often overlooked. In some cases where the main indicators are found to be unclear or inapplicable, giving attention to the full guidance in the original Declaration may do a good deal to clear up the problem. Before, during and beyond the Accra Forum, those who have endorsed the Declaration need to act on all the commitments in a balanced way, and to ensure that the monitoring indicators and results are properly used and interpreted.



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

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

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

## 5.2 Key Recommendations

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

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

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

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

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

2. **Build on the interim reviews of implementation in 2008 to ensure that they have in place a continuing transparent mechanism, ideally anchored in the legislature, for**

### **political monitoring and public participation around aid management and reform.**

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

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

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

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

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

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

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

and aim to have “good enough” systems in place by 2010 to exercise the necessary leadership and direction over development and aid programmes.

It is recommended that **development partner or donor authorities:**

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

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

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

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

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

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

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

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

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

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

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

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

The required studies should include:

- as already underway, a special study on links between the Paris Declaration, aid effectiveness and development effectiveness;

- transition and transaction costs in applying Paris-linked approaches, and their incidence on donors and partner countries;
- strategies for strengthening countries' capacity in managing aid for development;
- the effects of non-aid resource flows and growing aid flows which may remain outside the Paris

- Declaration frameworks (particularly from major foundation and other private sources, non-traditional official donors, and development NGOs);
- other key issues emerging by 2009 that would benefit from such advance analysis.

