



PHASE ONE OF THE EVALUATION  
OF THE IMPLEMENTATION OF  
THE PARIS DECLARATION  
– CASE STUDY DENMARK

evaluation

2008.01





**Phase One of the Evaluation  
of the Implementation of  
the Paris Declaration  
– Case Study Denmark**

**EVALUATION REPORT**

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Responsibility for the content and presentation of findings and recommendations rests with the authors.

The views and opinions expressed in the report do not necessarily correspond to the views of the Ministry of Foreign Affairs of Denmark.

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However, the findings and conclusions in this report are those of the evaluation team and should not be ascribed to the MFA/Danida or any other with whom the team met.

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# Table of Content

Abbreviations	5
Executive Summary	6
<b>1. Introduction</b>	<b>13</b>
<b>2. Approach and Evaluation Methodology</b>	<b>15</b>
2.1 Approach	15
2.2 Sources of information	15
2.3 Organisation of the evaluation	17
2.4 Limitations	17
<b>3. Basic Features of Danish Development Cooperation</b>	<b>18</b>
<b>4. Assessing Leadership and Commitment</b>	<b>21</b>
4.1 Paris reflected in Danida policies and strategies	21
4.2 Government, politicians and civil society on Paris	22
4.3 MFA/Danida: Commitment but also concerns	24
4.4 Aid Management Guidelines	26
4.5 Denmark and the five Paris principles	28
4.6 Paris and cross-cutting concerns	42
<b>5. Assessing Capacity Challenges</b>	<b>45</b>
5.1 Decentralised aid management and Paris	45
5.2 Towards operationalising Paris	47
5.3 Good knowledge and understanding of the Paris Declaration but still many unsettled operational issues	49
5.4 Human resource capacity a critical factor	50
5.5 Changing roles for Embassy staff	53
<b>6. Assessing Incentives and Results Management</b>	<b>56</b>
6.1 The MFA incentive framework and Paris	56
6.2 Paris and the MFA incentive framework	58
<b>7. Conclusions and Recommendations</b>	<b>60</b>
<b>Annexes</b>	
1. The Paris Declaration	65
2. Terms of Reference	76
3. Persons interviewed	91
4. Embassy Questionnaire	92
5. Literature used for reference	98
6. Danida Paris Assessment Parameters	100
7. General and Sector Budget Support	103

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## Abbreviations and Acronyms

<i>AfDB</i>	African Development Bank
<i>AMG</i>	Aid Management Guidelines
<i>APIR</i>	Annual PEAP Implementation Review
<i>CSO</i>	Civil Society Organisation
<i>DAC</i>	Development Assistance Committee (of the OECD)
<i>Danida</i>	Danish International Development Assistance
<i>DCCD</i>	Danida's Centre for Competence Development
<i>DIIS</i>	Danish Institute for International Studies
<i>DKK</i>	Danish Kroner
<i>EFA</i>	Education for All
<i>EVAL</i>	Evaluation Department
<i>GAVI</i>	GAVI Alliance (Global Alliance for Vaccines and Immunization)
<i>GBS</i>	General Budget Support
<i>GFATM</i>	Global Fund to Fight Aids, Tuberculosis and Malaria
<i>H&amp;A</i>	Harmonisation and Alignment
<i>HLF</i>	High-Level Forum
<i>HQ</i>	Head Quarters
<i>IBIS</i>	Education for Development (Danish NGO)
<i>JAS</i>	Joint Assistance Strategy
<i>KVA</i>	Quality Assurance Department
<i>MDG</i>	Millennium Development Goals
<i>MFA</i>	Ministry of Foreign Affairs
<i>MRS</i>	Target and Performance Management
<i>NGO</i>	Danish Non-Governmental Organisation
<i>PC</i>	Programme Committee
<i>PD</i>	Paris Declaration
<i>PEAP</i>	The Poverty Reduction Strategy for Uganda
<i>PFM</i>	Performance Management Framework
<i>PIU</i>	Project/programme implementation unit
<i>PMF</i>	Sector Programme Support
<i>PRS</i>	Poverty Reduction Strategy
<i>RSA</i>	Republic of South Africa
<i>SWAp</i>	Sector Wide Approach
<i>TA</i>	Technical Assistance
<i>TAS</i>	Technical Advisory Service
<i>ToR</i>	Terms of Reference
<i>UDV</i>	Department of Development Policy
<i>UK</i>	United Kingdom
<i>USAID</i>	United States Agency for International Development
<i>UNDP</i>	United Nations Development Programme
<i>WB</i>	World Bank

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## Executive Summary

The Paris Declaration agenda has become an important feature of Danish development administration as a means of improving the effectiveness of aid. Many of its features appear prominently in policy documents and guidelines issued to Embassies. Decentralisation of the management of the Danish development cooperation has meant that the Embassies are engaged in greater 'field-based management' and decision making very much in line with the key features of the Paris Declaration.

This study was commissioned by the Danish Ministry of Foreign Affairs (MFA) as part of a wider evaluation of the Paris Declaration<sup>1</sup> supported by the Working Party on Aid Effectiveness and the DAC Evaluation Network in order to:

- i. Provide an insight in the ways in which the PD is being interpreted at HQ level; how it is being implemented; and to assess how the underlying assumptions of the Declaration are dealt with in the implementation process.
- ii. Inform the synthesis study which is to be compiled at the end of phase one of the overall evaluation of the PD for presentation at the third HLF in Accra in September 2008, and
- iii. Provide information and, if appropriate, suggestions on how MFA/Danida<sup>2</sup> can facilitate more effective and efficient implementation of the PD.

The study focussed upon three main areas: commitment to and ownership of the PD by Danida; capacity and capacity building issues as indicated by process-level issues, human resource capacity considerations, structural challenges, financial resource constraints and policy focus; and incentives to apply the principle of the PD, including staff performance and career pathways (See Annex 2).

This evaluation is in the main carried out following the approach and methodology stated in the ToR, which in turn are a reflection of the methodology recommended by the management group for the overall evaluation of the implementation of the Paris Declaration. In one key respect however the evaluation deviates from and goes beyond the recommended questionnaire method by interviewing a selection of staff working at the Danish Embassies in Zambia and Uganda, respectively.

The evaluation draws on the following sources of information:

- (i) MFA/Danida policy documents, guidelines, instructions etc. Most of these are available at [www.um.dk](http://www.um.dk) and [www.amg.um.dk](http://www.amg.um.dk).
- (ii) Interviews with MFA/Danida staff: Approx. 18 persons of the Danida were interviewed, representing all departments directly or indirectly dealing with issues related to implementation of the PD. The interviews were conducted as open-ended interviews tailor-made to suit the position and tasks of the interview.

1) See [www.oecd.org/document/18/0,2340,en](http://www.oecd.org/document/18/0,2340,en) for more information about the PD evaluation.

2) Danida is an acronym for the South Group of the MFA. The Head of the South Group is thus the Head of Danida.



- (iii) Interviews with non-MFA persons: Two civil society representatives, one politician and the chairman of the Danida Board were interviewed. Furthermore, the evaluation consulted documents forming part of the deliberations of the Foreign Affairs Committee of the Parliament.
- (iv) A questionnaire circulated to ten Embassies. Eight Embassies responded to the questionnaire (Bangladesh, Zambia, Kenya, Tanzania, Mali, South Africa, Vietnam and Bolivia).
- (v) Interviews with selected posted and national staff at the Embassies in Uganda and Zambia. The interviews were conducted as open-ended interviews on the basis of an interview guide.
- (vi) Telephone interviews specifically on cross-cutting issues with two Embassies, and
- (vii) Other written sources of information.

The team did not encounter any significant difficulties while undertaking the evaluation. It should be noted, however, that to a large extent the evaluation builds on the subjective perceptions of interviewees concerning the way in which the MFA/Danida thinks and operates. Wherever possible, 'counter-intuitive' statements have been verified either by confronting other respondents with the statement made or, if possible, through cross-reference to other sources. In order to illustrate the study's findings, quotations from questionnaires or references to interviews have been made as and when relevant.

### **Evaluation findings**

The findings are clustered around the three themes of the evaluation, viz. leadership/commitment, capacity and incentives, as seen from the perspective of the MFA/Danida system. The perspective of the partner countries and actual behaviour of development partners is supposed to be addressed as part of the country evaluations.

#### **Key finding 1: Assessing leadership/commitment**

All respondents at HQ as well as Embassy level found the Paris Declaration and the instruments proposed for improving the effectiveness and sustainability of aid relevant and useful. As a reflection of this, the Embassies without exception reported that major efforts are being made to adapt existing and upcoming programmes to the Paris principles, i.e. to align to government priorities and to intensify the division of work among development partners. But the circumstances under which this takes place vary considerably between the countries. According to several Embassies, capacity constraints on the side of the partner governments, at times combined with a lack of interest in the Paris agenda, are holding back the alignment effort. This occasionally leads to situations where the wish to promote achievement of the MDGs has to be balanced against the desire to strengthen partner country responsibility and ownership. The team discussed this challenge with the MFA/ Danida management. The response was rather clear: in instances where there is no political readiness to address the causes of the dysfunction of a partner organisation and the prospects for improvement are minimal, it should be reassessed whether at all to continue the collaboration; also if this may jeopardise achievement of the MDGs.

With few exceptions, there is widespread political consensus as regards the present priorities and practice of Danish development cooperation, including the effort to improve aid effectiveness as indicated in the PD. At the same time, however, the 'zero tolerance' on fraud and mismanagement, which at times hampers alignment to national financial management systems, and the practice of earmarking funds for prioritised themes and cross-cutting issues, both practices criticised by some observers for impeding alignment to

national systems and policies, are features of Danish development cooperation commonly accepted by the Parliament. There are no indications that the development policy will undergo significant changes in the near future, but the tendency to further concentration and focusing is expected to continue. The NGO representatives interviewed expressed concern that the PD may lead to centralisation of the development cooperation at the expense of the effort to create a dynamic and vivid civil society. However, as pointed out, this depends very much on the way in which the PD's principle of mutual accountability is being interpreted by donors and partner governments. The NGO representatives regretted that so far rather little attention has been paid to this aspect of the declaration.

Neither the MFA/Danida management nor the non-MFA informants anticipated a marked increase in the Danish provision of General Budget Support (GBS), but several respondents expected that the use of sector-budget support and basket funds based on Sector Wide Approaches (SWAs) will increase markedly, as it is considered a more conducive platform for sector policy dialogue and targeting of the assistance than GBS.

Several Embassy respondents found that the practice of earmarking funds for special thematic interventions and cross-cutting initiatives tends to temper or complicate alignment to partner country policies and strategies and thus jeopardise country ownership and leadership. The MFA/Danida management, on the other hand, while admitting that the Embassies have to deal with a large number of 'priority issues', argued that the demands are manageable if addressed as an integral part of the mainstream activities. Reporting separately on these issues remains necessary for accountability to the political constituencies in Denmark, and various initiatives have been initiated to improve this reporting, including an input-based reporting.

Whereas the focus on harmonisation and alignment may have reduced the transaction costs for the partner governments, the responses to questionnaires and interviews at embassy level conducted as part of this evaluation indicate that this is not (yet) the case for the development partners. All Embassies reported that the workload has increased substantially in the wake of the PD. Donor coordination was reported to be especially time-consuming, among other things as a result of the proliferation of coordination forums. The MFA/Danida management suggested that this is a temporary phenomenon that will vanish once the full effect of the Joint Assistance Strategies (JASs) and the corresponding donor concentration has been realised.

The Aid Management Guidelines (AMG) is viewed as excellent by nearly all respondents. Several respondents expressed, however, that over the last few years the guidelines have become too long, covering too much, with the result that they tend to be too detailed for the new aid reality. It was suggested that the AMG need further adjustment especially by focussing more on *learning through problem-solving* as a means to create the necessary knowledge to move towards making the PD operational in different settings and to help with 'implementation on the ground'. It was furthermore suggested that a 'second generation' AMG should be developed, focusing more on applications or operational processes and the creation of new knowledge gained from context and management based on autonomy and self-organisation at the Embassies. This will require a shift from utilisation of already existing knowledge to the creation of new knowledge, including 'process' applications experienced by the Embassies.

When partner country leadership is weak and absorption capacity moderate, donors tend to pursue their own bilateral agendas. Some of the Embassies facing this problem stated

that there is a tendency among the donor HQs to push the Paris agenda too hard, underestimating the time required to build up the necessary capacity of the partner organisations to assume full responsibility for implementation of the often quite complex sector (reform) programmes. Many respondents, both at HQ and Embassy level, found that more attention should be paid to capacity development, especially in the areas of policy development and public financial management.

Several Embassies called attention to a potential conflict between achievement of the MDGs and the desire to encourage execution of programmes and projects through national systems. Under circumstances where the national structures are incapable of undertaking their mandate, achievement of the MDG may be jeopardised. This may either lead to creation of parallel implementation structures or acceptance of the fact that national execution under such circumstances will cause a slowdown of the pace of implementation. The MFA/Danida management is of the clear opinion that national execution has precedence over implementation speed, and that under circumstances of extreme weak leadership and functionality it should be contemplated to terminate the cooperation with the organisation in question.

Internal MFA/Danida performance reviews confirm some of the challenges of Danish development cooperation highlighted by the OECD-DAC 2006 Monitoring Survey. Examples include a certain reluctance to rely on national financial management systems, insufficient reflection of Danish assistance in national budgets, lack of pooling of international technical assistance and separate Danida monitoring and reporting structures. The reviews also noted that most Embassies have agreed to take steps to overcome these deficiencies.

Several interviewees found that cross-cutting issues tend to be something primarily engaging donors – and possibly civil society – indicating the political dimension of aid. While acknowledging that the cross-cutting issues of course are subjected to PD principles (i.e. there must be alignment to a government's gender policy, for example), only few persons see intuitively how cross-cutting issues reversely can contribute to enhance the PD (i.e. how a focus on gender can enhance ownership). The possible linkages between the PD and cross-cutting issues are thus still not well developed and understood. Hence, according to some interviewees, there is need to invest more effort in better understanding the impact of the PD on cross-cutting issues and especially to enhance the capacity to address cross-cutting issues in the new aid scenario.

### **Recommendations**

- The MFA/Danida management should more clearly indicate how the potential dilemma between the objective of aligning to national policies and systems and the evenly important desire to achieve the MDGs should be addressed under circumstances of inadequately functioning government structures. This will probably require increased attention to initiatives aimed at strengthening the capacity of partner organisations, especially in the fields of planning and management.
- The MFA/Danida HQ should provide more guidance to the Embassies on how the thematic and cross-cutting issues prioritised by Danish development cooperation are most adequately addressed vis-à-vis partner country policies and strategies with a view to enhance mainstreaming of these issues.

- It should be contemplated to shorten and simplify the AMG, especially the guidelines on programme management, in view of the new aid realities. Furthermore, it should be contemplated to provide specific examples on how to address challenges posed by implementation of the PD at the AMG website as part of the toolbox for aid effectiveness.
- More attention should be paid to alignment of Danish development assistance to partner country systems and procedures, *inter alia* through increased use of existing public financial management systems and through reflection of Danish aid in the national budgets. Presumably, this will require increased investment in capacity building of partner organisations, especially in the field of planning and financial management. However, a change of the mindset of some Danida administrative staff may also be needed.
- Monitoring and reporting routines should be synchronised with those of the partner country and other development partners to the highest extent possible. This will entail that Danida sector programmes rely more on indicators prepared as part of national programmes and strategies and the reporting routines of these.
- Danida should intensify its efforts to pool its technical assistance with that of other development partners without compromising the quality of Danish development assistance. Furthermore, in order to enhance partner country ownership, these should be allowed more influence on defining the nature and extent of Danish-funded technical assistance.
- The experience obtained from the intensified harmonisation and division of labour with other development partners should be mapped and used as a basis for a dialogue with other development partners at HQ level on how to improve the harmonisation thrust. This may include an assessment of the position of the non-like-minded donors, which often demonstrate a different view of the Paris agenda.
- MFA/Danida should, when monitoring the Embassies' performance, pay more attention to the issues of 'mutual accountability' and 'management for results'.

### **Key finding 2: Assessing capacity**

Overall, levels of staff knowledge and understanding of the PD principles are very high both at HQ and Embassy level. There are clear indications that the majority feel comfortable with the Paris principles and feel they have sufficient knowledge and understanding of the PD at this stage.

By and large, the Embassies reported that they find the present degree of autonomy sufficient to allow for an adequate and prompt response to the thrust towards enhanced alignment and harmonisation. At the same time a considerable number of respondents called for more backstopping and coaching from the HQ and more attention to experience-sharing among Embassies. Whilst the MFA/Danida Quality Assurance Department (KVA) and the Technical Advisory Service (TAS) are already providing such services, the feedback given by the Embassies indicates that the demand exceeds what is presently available.

Generally the evidence drawn from the questionnaires and interviews is sufficiently clear: In nearly all instances the Embassies reported that the human resources available are insufficient compared to the tasks associated with implementation of the PD. The PD changes the daily life of personnel at the Embassies, and approaches embedded in the PD place new, particular and difficult demands on Embassy officials. As the PD receives increased attention, the type of expertise needed at the Embassy is also changing.

The limited availability of sector specialists to manage the more technical side of development work in accordance with the PD principles was frequently mentioned as a challenge. An increased need for key competencies such as negotiation and management skills was also noted, however, and it was suggested that future postings should take account of both the required expertise and the combinations of staff at each Embassy. The importance of a continuous updating of the organisation manuals at the Embassies was highlighted. The decentralisation process implies that today Denmark is relying more on local staff for implementing programmes. There is therefore a need for more systematic competence development for this particular group.

In some important respects, capacity building efforts have generated good knowledge and awareness of the PD principles. PD issues are, in the main, adequately and clearly communicated to Embassy staff, but more needs to be done to relate to operational aspects encountered by the countries. Although implementation of the PD is still in its early days, there was a marked need to capture practical experience and present good examples (such as case studies) of lessons learned, especially as the Embassies are increasingly seeking to enhance the practical applications of the PD. As part of this process, there is need for continuous monitoring and evaluation of the practical aspects of the employment of the Paris principles in order to assess development outcomes and impacts rather than expectations of theory. Thus, as more and more evidence becomes available, the guidelines and training would become more practical-oriented with contributions from the field.

The overall impression from discussions with HQ persons was one of high confidence in the working principles of the PD, but less so when it came to making them operational. There was a sense that many Embassy persons were not sufficiently skilled to take on the new roles as required, for instance concerning the role as lead donor in a sector. Some respondents argued that the human resource constraints of some Embassies tends to put additional pressure on few, key members of staff. Some attributed this to increasing and changing demands to Embassy staff and noted that skills required to help implement the PD agenda were markedly different from those required in the past. In general, the consensus indicates that the contemporary desk officer has to possess a combination of core expertise: personnel and management skills, knowledge of public sector and public financial management issues and technical (sector-relevant) expertise.

### **Recommendations**

- The alignment and harmonisation-related backstopping to Embassies as well as experience-sharing among Embassies should be intensified. This may take the form of for instance regional workshops, use of blogs or exchange visits.
- The MFA/Danida should pay more attention to and make use of experiential learning at Embassy level. A first requirement should be to learn more from the Embassies – through setting up a platform for sharing information (for example e-learning and ‘chat’ pages) based on country context and experience of operationalising the PD.
- When staff is recruited (both posted and local) care should be taken to try to match expertise to context and available posts. As an alternative, in cases where particular expertise cannot be found, it should be considered to buy in expertise.
- The impact of the increased attention to alignment and harmonisation issues on the workload of Embassy personnel should be continuously assessed in order to better comprehend the long-term impact on transaction costs of implementation of the PD.

- It should be considered to assign local staff more responsibility for policy dialogue and implementation of Danish development cooperation as a means to reduce the workload of posted staff. This may require that local staff is offered more competitive salaries, as pointed out by the Annual Performance Review 2006 (p. 40).
- Allowances should be made for local staff by taking care to use English when HQ communicates with Embassies.

### **Key finding 3: Assessing incentives**

Staff performance and career pathways seem to be sensitive issues judged by the rather frank comments made by some respondents. The suggested reason is insufficiently defined performance assessment criteria and thus career paths, particularly concerning fulfilment of the Paris principles. This is definitely an area where considerable scope for improvement exists.

Many found that ability to meet stated disbursement targets is valued higher than demonstrating tangible results in areas of capacity building and alignment. This confirms the impression that although considered important in the view of the MFA/Danida management, fulfilment of the Paris principles is only one of the parameters against which the personnel's performance is being evaluated.

As regards the performance management framework there are different perceptions of how useful it actually is to facilitate implementation of the PD. Several mentioned that the system, as a reflection of the prevailing priorities of Danish development cooperation, pays relatively little attention to the Paris agenda compared to other Danish priorities. On the other hand, the AMG and other instruments such as the Country Programme Assessments and the Performance Reviews all include H&A issues. The KVA Department, on its side, emphasised that alignment and harmonisation issues are actually given considerably more attention in results contracts from 2006 onwards.

### **Recommendations**

- The MFA should define more clearly, and in a transparent manner, the career pathways and staff assessment practices, and ensure that these more explicitly take account of parameters related to the aid effectiveness agenda.
- The Performance Management System should be further elaborated to address issues related to 'mutual accountability' and 'management for results'.
- The results contracts between the MFA/Danida HQ and the Embassies should be accompanied by clearly defined performance targets for each staff, national and posted. The targets should include variables related to implementation of the PD.

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# 1. Introduction

The Paris Declaration (PD) on Aid Effectiveness was adopted by the developed and developing countries at the High-Level Forum (HLF) in March 2005, primarily with a view to further accelerating the achievement of the Millennium Development Goals (MDGs). It conveys the simple message that if the actions and behavioural changes specified by the Declaration are applied, aid will become more effective and thus improve the prospects for achieving the MDGs.

**The PD is based on five key principles or tenets:**

1. **Ownership:** Partner countries exercise effective leadership over their development policies and strategies and coordinate development actions.
2. **Alignment:** Donors base their overall support on partner countries' national development strategies, institutions and procedures.
3. **Harmonisation:** Donors' actions are more harmonised, transparent and collectively effective.
4. **Managing for results:** Managing resources and improving decision-making for results.
5. **Mutual accountability:** Donors and partners are accountable for development results.

Compared to previous agreements on aid effectiveness (e.g. the 2003 Rome Declaration and the 2002 Monterrey Conference), the Paris Declaration lays down a practical, action-oriented roadmap to improve the quality and effect of aid as indicated by the 56 so-called commitments and the 12 progress indicators and corresponding targets to be achieved by 2010.

The present evaluation is part of a series of 'headquarter level' evaluations implemented by donor agencies on a voluntary basis. They are supplemented by a series of country-level and thematic evaluations. The overall PD evaluation<sup>3</sup> has been set up explicitly to complement the regular DAC monitoring of the progress of the implementation of the PD, focusing on causal effects not captured within the parameters of PD surveys. By doing so, the PD evaluation is intended to raise more fundamental questions regarding the logic of the Declaration and to provide preliminary information as to whether the Paris principles actually seem to generate the desired effectiveness and efficiency gains.

The head-quarter and country-level evaluations are considered a first stock-taking of the implementation of the PD, mainly addressing issues related to operationalisation of the implementation. It will be followed by a series of evaluations focusing on outcome and impact issues. The first phase of the evaluation will serve as an input to the third HLF on Aid Effectiveness to be held in Ghana in September 2008.

In line with the generic ToR for the headquarter studies of the overall PD evaluation the ToR for the Danish HQ evaluation states the purpose of the evaluation as 'to assess what constitutes the practice at the HQ level of the Danish Ministry of Foreign Affairs (MFA) in implementing the PD commitments in order to contribute to increased aid effectiveness'.

3) See [www.oecd.org/document/18/0,2340,en](http://www.oecd.org/document/18/0,2340,en) for more information about the PD evaluation.

Thus in line with the ToR, the specific objectives of the HQ evaluation are:

- i. To provide an insight into the ways in which the PD is being interpreted at HQ level; how it is being implemented; and to assess how the underlying assumptions of the Declaration are dealt with in the implementation process.
- ii. To inform the synthesis study that is to be compiled at the end of phase one of the overall evaluation of the PD for presentation at the HLF in Accra.
- iii. To provide information and, if appropriate, suggestions on how MFA/Danida can facilitate more effective and efficient implementation of the PD.

Against this background, the evaluation report consists of seven chapters: In chapter one the evaluation context is presented; in chapter two approach and methodology are described; chapter three gives an introduction to the Danish development cooperation; and chapters four, five and six address the three key topics of the evaluation, i.e. leadership/commitment, capacity and incentives. Finally, in chapter seven, the evaluation's key findings and recommendations are summarised.



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## 2. Approach and Evaluation Methodology

The evaluation is based on the approach and methodology outlined in the ToR (Annex 2) and the guidelines issued by the management group coordinating the overall evaluation of the implementation of the PD. In order to ensure comparability, the evaluation has essentially complied with the methodology prescribed for the HQ evaluations, with the exception that a small number of interviews have been conducted with the staff of two Embassies (Zambia and Uganda) in order to capture the decentralised nature of Danish development cooperation. It was felt that addressing the situation of the Embassies merely through a questionnaire would not provide sufficient insight into the day-to-day realities of those in charge of planning and implementation of Danish development assistance. Interviews with partner country representatives regarding Danida's behaviour and guidelines were not included, as this issue is supposed to be addressed by the country evaluations that are part of the overall Paris Declaration evaluation.

### 2.1 Approach

This evaluation can best be characterised as a contextualised, formative evaluation, designed to provide information on how a broad set of principles and instruments related to delivery of aid are believed to influence its efficiency and effectiveness. It is contextualised in the sense that the evaluation should be seen in the context of the overall OECD-DAC evaluation of the Paris Declaration. And formative in the sense that the evaluation aims at identifying 'lessons learned' relevant for Danida as well as other international organisations.

One of the challenges faced by evaluations addressing issues related to modes of aid delivery is the fact that the aid usually is targeted at countries representing highly diverse economic and political realities, where the administrative capacity varies considerably. Furthermore, the conditions and nature of different sector programmes are different. This entails a risk of drawing all-encompassing conclusions without sufficient attention to the particular circumstances characterising the different cases. The country-level evaluations are, however, supposed to shed more light on these differences. Furthermore, a sector-based evaluation approach would have allowed discovery of the considerable variations across sectors. With hindsight, it would have been useful to supplement the present sources of information with selected interviews of partner country representatives and stronger focus on sector specific issues.

### 2.2 Sources of information

The evaluation draws on a combination of seven different, primarily qualitative sources of information as described below. In detail, the evaluation is based on the following sources of information:

- (i) MFA/Danida policy documents, guidelines, instructions etc. Most of these are available at [www.um.dk](http://www.um.dk) and [www.amg.um.dk](http://www.amg.um.dk).

- (ii) Interviews with MFA/Danida staff: Twenty staff members of the MFA/Danida were interviewed, representing almost all departments directly or indirectly dealing with matters related to the principles of the PD<sup>4</sup>. Several persons were interviewed more than once. The interviews were conducted as open-ended interviews tailor-made to suit the position and assignments of the person concerned.
- (iii) Interviews with non-MFA persons: Two civil society representatives, one politician and the chairman of the Danida Board were interviewed. Due to the general election which coincided with the data collection phase of the evaluation, it was not possible to arrange meetings with more politicians. However, the evaluation also relied on minutes of meetings from the Committee of the Parliament dealing with development policy.
- (iv) A questionnaire circulated to ten Embassies. Feedback was provided by eight Embassies (Bangladesh, Zambia, Kenya, Tanzania, Mali, South Africa, Vietnam and Bolivia), submitting a total of 16 responses. The questionnaire can be found in Annex 4.
- (v) Interviews with selected posted and national staff at the Danish Embassies in Uganda and Zambia, respectively. The purpose was to shed more light on the situation of the Embassies vis-à-vis the MFA/Danida HQ. Sixteen persons were interviewed. Also in this case, the interviews were open-ended, but based on an interview guide.
- (vi) Telephone interviews with two Embassies specifically about the cross-cutting issues.
- (vii) Other written sources of information, including the 2006 Paris Declaration Survey on Monitoring of the Paris Declaration conducted by DAC<sup>5</sup> and the OECD Peer Review of Danish Development Cooperation published in 2007 (see the full list in Annex 5).

The Paris Declaration Survey calls for a special comment. The survey was conducted as part of the commonly agreed PD monitoring framework. It provides a picture of the situation as it was reported by partner countries and donors in 2005. On a number of indicators, Denmark – as well as other countries – scored unexpectedly low compared to the Nordic+ country average. Hence, the overall reliability of the findings has been challenged by the several donors, including Danida, who refer primarily to the uncertain validity of the underlying statistical data:

*'Let it be said from the start that the answers [by the Monitoring Survey] are far from clear and must be considered with a number of qualifications, such as the fact that the study was based on the [partner] countries' own reports, which are carried out according to extremely different principles. So, if nothing else, the study highlights the necessity for working systematically in order to improve the methods by which to measure the Paris Indicators'.<sup>6</sup>*

With a view to better understand the reasons behind the poor score, the MFA/Danida commissioned an in-depth follow-up study of the results<sup>7</sup>. The study, which was conducted by David Booth, makes an attempt to bring the analysis of Denmark's performance further ahead and deconstruct some of the more sensitive findings.

4) See Annex 3.

5) OECD-DAC: *The 2006 Survey on Monitoring the Paris Declaration*, OECD May 2007.

6) *Danida: Annual Report 2006*, p 13.

7) David Booth: *Denmark's performance in implementing the Paris Declaration. Insights from the 2006 Baseline Survey*. ODA, London, June 2007. Mimeo.

While taking a critical stance, MFA/Danida has made the results available in the Annual Performance Report, highlighting the work to be done. Furthermore, Danida has taken a strong stake in the planning of the next survey scheduled for 2008. The present evaluation has drawn on both the Paris declaration Monitoring Survey and the follow-up study.

### **2.3 Organisation of the evaluation**

The evaluation was carried out by a team of independent, external consultants contracted by the Evaluation Department of the MFA/Danida. The Deputy Head of the Department, Ms. Margrethe Holm Andersen, was responsible for managing the process on behalf of the Ministry. The evaluation team was made up of four consultants, including one consultant from a developing country.

A reference group consisting of Mr. Ole Therkildsen (Danish Institute for International Studies, DIIS), Mr. Vagn Berthelsen (IBIS), Mr. Erik Rasmussen (Department of Development Policy, UDV), Mr. M. Makalou (Mali, representing the partner countries), Mr. Morten Elkjær (Technical Advisory Service, TAS), Mr. Mikael Hemniti Winther (Quality Assurance Department, KVA) will be established to provide feed-back to the ToR for the desk evaluation and to the draft report. The Deputy Head of the Evaluation Department, Mrs. Margrethe Holm Andersen, will chair the reference group.

### **2.4 Limitations**

The team did not face any significant difficulties while undertaking the evaluation. It should be noted, however, that to a large extent the evaluation builds on the subjective perceptions of interviewees concerning the way in which the MFA/Danida thinks and operates. The limitation of this approach is that the responses tend to be biased towards the vested interest of the person in question. However, wherever possible, 'counter-intuitive' statements have been verified either by confronting other respondents with the statement made or, when possible, through cross-reference to other sources. In order to illustrate the study's findings, quotations from questionnaires or references to interviews have been made as and when relevant.

Another limitation concerns the issue of attribution. Several features of the aid effectiveness agenda were in reality launched already in the late 1990s. This is for instance the case with the decentralisation thrust and the change towards a sector-wide approach that has characterised Danish development cooperation for more than a decade. While the PD has been instrumental in speeding up the process, many effectiveness efforts were thus well underway long before 2005 and cannot be attributed to the PD as such.

Finally it should be noted that isolating the effects and impact of the PD is not an easy task. This study, however, investigates the extent to which the Danida system and guidelines for development aid facilitate implementation of the PD and sheds light on the perceived consequences of the PD as far as changes in the workload and qualification demands at embassy level is concerned.

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### 3. Basic Features of Danish Development Cooperation

In 2007 the global Danish development assistance came to DKK 13.9 billion (approx. USD 2.6 billion). Of this amount 64% were allocated to bilateral partner countries, whereas the remaining 36% were disbursed through multilateral organisations. The bulk of the bilateral assistance is allocated to 16 programme countries. Most of these are low-income countries, primarily in Africa. However, support to fragile, non-programme countries has increased in recent years.

Since 2003, the devolution of authority to Danish Embassies and representation offices<sup>8</sup> has accelerated considerably. Today, Danish development cooperation is believed to be one of the most decentralised. It is assumed that the considerable autonomy enjoyed by the Embassies influences the way in which the Paris principles are being tackled. This chapter presents the key features of the decentralised Danish aid system and the framework within which it is being managed.

#### Embassies vs. HQ

In brief, the heads of the representations are in charge – on the basis of an annual contract between the Embassy and the Danida HQ – of day-to-day management of Danish development assistance such as identification, preparation and implementation of programmes and projects as spelled out in established policy documents and programmes. Hence the mandate includes decisions on coordination and harmonisation with other development partners, modalities for alignment to national systems and minor reallocations of resources between already planned activities. Usually the Embassies also have a rather generous small grant facility at their disposal. Issues related to strategic policy development, promotion of Danish development policy concerns in international forums and monitoring (results management/quality assurance – KVA) are dealt with by the Danida HQ and communicated to the Embassies and representation offices through various channels, including the website [www.amg.um.dk](http://www.amg.um.dk), where all Danida aid management guidelines can be found. An important role of the HQ is to ensure consistency between country programmes and to facilitate exchange of experience. The overall Programme Committee (PC) plays an important role in that process.

The overall PC has been established to improve the quality of bilateral and multilateral development cooperation by reviewing strategic documentation across departments and between representations abroad and the MFA/Danida to ensure coherence between specific strategies and policies on the one hand and the design of major (sector) programmes on the other<sup>9</sup>. As such, the programme committee is a forum for strategic discussions.

Moreover, it has been established to ensure knowledge-sharing at an early stage in the preparation process. Issues to be discussed in the PC include bilateral programmes, ToR for project groups, multilateral organisation strategies and action plans, thematic policies

- 8) *Also the cooperation with the multilateral organisations has undergone a decentralisation process, but an assessment of this is not part of the evaluation.*
- 9) *Many Embassies have established internal programme committees in addition to the Steering Committee specific for sector programmes.*

or strategies, plans of action, follow-up on evaluations, and other development-cooperation related issues. The PC, which on bilateral issues is chaired by the Bilateral Head of Danida, does not have decision-making authority, but has foremost an advisory role.

Within the area of bilateral cooperation the PC primarily discusses country strategy processes and planned programmes (new programmes as well as new phases) exceeding DKK 30 million<sup>10</sup>. Furthermore, when a policy, strategy or plan of action is prepared with relevance for the bilateral cooperation, a concept paper is presented to the Committee. When presenting a concept paper to the PC, the department, representation or project group is asked to provide two to four strategic questions that should guide the discussion in the PC.

An important element of the management of Danish development cooperation is the Board for International Development Cooperation (the Danida Board). The Board, which consists of Danish stakeholder representatives, provides independent technical advice to the Danish Minister for Development Cooperation. It operates within the political guidelines defined by Parliament and the Government. The Chairman of the Danida Board is entitled to endorse grants up to DKK 10 million. The Board considers itself a democratic watchdog that helps to ensure that Danida upholds high quality and ethical standards and utilises its resources in a reasonable manner. All major new activities are assessed by the Board before being finally approved by the Minister or Parliament.

#### **Performance Management System**

A series of tools have been developed to regulate the Embassies' operations in the decentralised set-up. These include annual results contracts between the Embassy and the HQ, underpinned by business plans, high level consultations, usually taking place every two years, and feedback on performance assessments. Every year the Embassies report on the progress of implementation of the country programme against the targets agreed on in the results contract. In addition, the HQ conducts frequent reviews of all ongoing sector support and appraises all new, major planned activities. Since 2003, Performance Reviews, conducted by the KVA Department, have also focused on harmonisation and alignment issues. The Performance Management Framework (PMF) is intended to serve several purposes, viz. to put stronger focus on results, to improve management and learning, and to strengthen accountability through performance assessment. The second generation Performance Reviews and the corresponding monitoring mechanisms are more open, more advisory, than the first one were. Special attention is paid to alignment issues, as this is where the most challenges are believed to be. Within MFA/Danida, the KVA Department is in charge of results monitoring and further refinement of the systems. As a new service, the Technical Advisory Service (TAS) offers the Embassies a tailor-made 'Country-Programme Review' that may *inter alia* comprise alignment-related issues. The findings by the performance management system are made available in the 'Annual Performance Report'.

The performance of the multilateral development cooperation is monitored according to a similar set of tools forming part of the contract between the MFA/Danida and the specific organisation. As the multilateral cooperation does not form part of this evaluation, issues related to the performance of this will not be pursued further in the report.

10) *It is not mandatory to consult the PC on new activities below DKK 30 million.*

**Table 1. Performance Management Framework for bilateral development cooperation**

Level	Objective	Key Management Documents	Methodology/Source of information	Reporting/Key responsible
Corporate level (MFA/Danida)	Measure performance and verify results on overall aims, objectives, and indicators in Partnership 2000 and the MDG	Partnership 2000 MDG Thematic strategies and policies	Country assessments Performance reviews Sector reviews Evaluations	Annual performance report (KVA) Annual report of Danida (UDV)
Country programme level	Measure performance and verify results on overall progress against the objectives, targets and indicators set out in country strategies, business plans and PRSs	Country strategies/PRS Results contracts/annual business plans	High level consultations Joint PRS monitoring Performance reviews Country assessments (Embassies) Evaluations Reporting on results and business results	Report to Board of Danida (Embassies) Country PRS reports 5-6 performance review reports per year (KVA) Annual Performance Report (KVA) Country evaluation reports (Eval) Mid-term and annual reporting on performance- results and business plans (Embassies)
Sector-programme level/ Cross-cutting & thematic issues	Measure performance and verify results against stated objectives, targets and indicators defined in programme/project documents	Programme/project documents Business plans Completion reports Evaluations	Sector reviews Day-to-day monitoring Business plan/Results contract assessment Completion reports Evaluations	Annual performance report (KVA) Progress reports (Embassies) Performance results Completion reports (Embassies/responsible departments) Thematic/sector evaluations (Eval)

Source: MFA/Danida: Annual Performance Report 2006 (April 2007)

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## 4. Assessing Leadership and Commitment

The point of departure for the Paris Declaration is that increased aid flows on their own are unlikely to make a serious headway on poverty and spur achievement of the MDGs. If the way in which donors provide aid and collaborate with partner countries to meet common objectives is not changed significantly, no lasting social advancement is likely to take place. Country ownership is seen by the PD as key to sustainable progress. Hence, as one respondent put it, the Paris Declaration is about putting the partner countries in the driver's seat.

According to the ToR, the evaluation is supposed to '*establish the extent to which there is commitment to the objectives and principles of the PD among politicians, MFA senior management, and to what extent the staff of Danida is involved in implementation of the Declaration*'. In relation to this question, the evaluation is expected to focus on, *inter alia*, the following (Annex 2, p. 8):

- General support for the effectiveness and efficiency concerns of the Paris Declaration
- The importance of flagging particular Danish views and interests.
- Risk willingness.

### 4.1 Paris reflected in Danida policies and strategies

Partnership 2000, the political foundation for Danish development cooperation, confirms poverty reduction and achievement of the MDGs as the overarching objective<sup>11</sup>. Moreover, it states that the development policy together with the trade policy constitutes a vital and integral part of Danish foreign and security policy. Also the support channelled through the multilateral system is perceived as part of the comprehensive strategy for Danish development cooperation. Although formulated prior to the Rome and Paris Declarations, the importance of creating local ownership emphasised in Partnership 2000 can be interpreted as an indication of the Government's commitment to the objectives of the Rome and Paris Declarations.

Every year the Danish Government presents its rolling updated five-year plan with priorities for Danish development assistance to Parliament. The plan identifies themes and issues that will be in the forefront of Danish development assistance for the years to come. The priority plan for 2007-2011, 'Commitment to Development' (August 2006), highlights good governance, women and HIV/AIDS as priority themes. 'A World for All' (August 2007)<sup>12</sup>, the priority plan for 2008-2012, pays special attention to climate change, energy and environment, migration and development, and stability and democracy. Furthermore, the plan emphasises that new activities targeted at women's rights and

11) *Partnership 2000 as well as the various policies and strategies can be found at [www.um.dk](http://www.um.dk) and [www.amg.um.dk](http://www.amg.um.dk)*

12) *A World for All – Priorities of the Danish Government for Danish Development Assistance 2008-2012', MFA August 2007 and the Minister's speeches available at [www.um.dk](http://www.um.dk)*

opportunities will be launched with special focus on Africa. In addition to the priority themes, the government has identified three cross-cutting issues of particular importance: gender equality, good governance and human rights, and environmental sustainability. Cross-cutting issues are seen as an integral part of all bilateral activities.

Danida has also published a number of strategies and policies related to particular geographical or thematic areas such as Africa, Asia, Latinamerica, regions of origin, governance, gender, private-sector development, environment, etc. In total, there are Danish strategies for more than 20 areas and topics.

The key features of the aid effectiveness agenda in line with the Paris Declaration are encapsulated in the Aid Management Guidelines (AMG). These are a comprehensive set of information on policies and strategies combined with advice on how to manage, design, plan and implement Danish development assistance. The AMG provides comprehensive coverage of all aspects of development cooperation, policy, strategic management and technical guidelines, including topics such as general budget support, delegated partnerships, joint financing arrangements, joint country assistance strategies and programme management.

### **4.2 Government, politicians and civil society on Paris**

As mentioned, at the general level the Danish Government strongly advocates the aid effectiveness agenda. However, an examination of various Danida policy documents also gives the impression that although the Government wants to get ‘maximum development for money’, this does not entail an unconditional subscription to all elements of the Paris Declaration. Hence, as will be discussed at more length below, the Government does not consider the Paris agenda an end in its own right. Rather, the findings of the evaluation indicate that pursuance of the Danish defined priority themes tends to be balanced against the desire to strengthen partner country leadership. The message that appears from the documents is that although Denmark loyally subscribes to objectives of the Paris Declaration, the Government is likely also in the future to set its own priorities and apply the aid modalities found most suitable to achieving the MDG and PRS targets while doing its utmost to maintain the strong popular support of continuation of Denmark’s engagement in the developing countries.

Traditionally, Danish development cooperation enjoys widespread support among all major political parties. Hence, with the exception of the volume of the development assistance, there are currently no major divergences among the leading parties as to the principles of Danish development policy, including the practice of earmarking funds for Danish priority themes. The OECD-DAC Peer Review of Danish development also noticed the evident consensus characterising Danish development cooperation:

*‘The Minister’s annual presentation to Parliament of the government’s priorities for Danish development assistance. reinforces political ownership of the aid programme. Furthermore, the MFA facilitates visits by members of Parliament to partner countries so that they can better understand the need for aid and the realities of delivering it. This has helped to secure political consensus for ODA volume, and to ensure a widely-shared belief in the aid effectiveness agenda’ (OECD-DAC Peer Review, 2007, p. 2).*



The consensus includes the 'zero tolerance' practice on mismanagement of funds and the principle of taking immediate action when cases of misuse are observed. The Peer Review challenged this practice: *'While Denmark's strong consensus-based culture brings a flexible, pragmatic approach, it may inhibit innovative thinking and risk-taking. Denmark tends to be cautious about taking risks, in particular regarding financial management issues'* (Peer Review, p. 3).

The same concern applies to the use of General Budget Support (GBS). Denmark has often been criticised by its peers, e.g. in connection with the Peer Review, for its reluctant provision of GBS<sup>13</sup>. Several rules and conditionality apply to the use of GBS. For instance, the GBS cannot exceed 25% of the country frame for any given country. Furthermore, the decision to provide GBS is based on an assessment of 10 criteria, endorsed by the Foreign Affairs Committee<sup>14</sup>. At present Denmark provides GBS to six countries. At present, the GBS accounts for approx. 6% of the total Danish bilateral development (see Annex 7). Many MFA/Danida officials both at HQ and Embassy level feel uncomfortable that Denmark is restrictive on the provision of GBS. However, the fact that GBS at present constitutes only a small portion of the bilateral assistance means that there is considerable scope for increase without hitting the ceiling, provided of course that the partner countries meet the stated principles. Finally, it should be noted that, although the Social Democrats have advocated an increased use of GBS, there are no indications that any dramatic change of the use of GBS will take place under the prevailing political circumstances.

The political debate prior to the November 2007 general election confirmed the overall consensus concerning Danish development assistance. The opposition led by the Social Democrats strongly advocated a gradual increase in the volume of Danish development assistance to 1% of GDP without otherwise challenging present practice. Other issues in the debate concerned the share of the aid allocated to the multilateral organisations, the role of NGOs (and civil society) in the development process and support to environmental initiatives. As the government was re-elected, no marked changes in the Danish practice are foreseen in the near future.

The reluctance characterising the use of GBS does not apply to the provision of sector-budget support. Indeed, Denmark is an engaged participant in joint implementation arrangements. Most of these are based on SWAps, i.e. government-defined reform and development initiatives. It is anticipated by the senior management of the MFA/Danida as well as the (former) Chairman of the Danida Board (1996-2007) that Denmark will increase its provision for sector-budget support, as this is perceived to be a better mechanism for facilitating policy dialogue and securing transparency. The introduction of Joint Assistance Strategies (JAS) also points in this direction. The sector concentration resulting from the JASs means that the individual sector programmes reach a size calling for alternatives to the conventional programme-based approach. Sector-budget support is believed to offer this alternative.

13) *The OECD-DAC Peer review of the Danish Development Co-operation Policies and Programme (June 2007) states that Denmark should review its 10 principles for GBS with reference to accountability relations and furthermore reassess its risk-taking practice.*

14) *The 10 criteria can be found in Annex 7.*

In 2006 the Auditor General's office, which is accountable to the Parliament, conducted a comprehensive assessment of the harmonisation and alignment of Denmark's bilateral development assistance. The conclusion was that Danida has already taken important steps towards harmonisation and alignment of its activities and that the process should be continued in order to further advance the aid effectiveness agenda<sup>15</sup>. One means of achieving this is a further concentration of the development assistance to less programme countries and focus areas.

There is no common approach to or position vis-à-vis the Paris Declaration among Danish NGOs, although a widespread scepticism prevails. Several NGOs are taking active part in international forums concerned with the aid effectiveness agenda. The NGO representatives interviewed in connection with the evaluation voiced concern regarding the limited involvement of civil society in the aid effectiveness debate: Few local NGOs/CSOs, regardless of whether they are from the South or North, have been informed about the PD and pay little attention to it. The PD agenda primarily engages the international NGOs and the donor community.

Reportedly, the general feeling among the NGOs is that due to its government-to-government focus the PD leads to centralisation and therefore more easily gives approval to non-transparent governments with legitimacy problems. Moreover, it is feared that the PD leaves an impression of a united donor front that, due to its dominance, can impose its ideas and plans on the partner country. The PD has a flavour of old-fashioned Soviet central planning, but overall it is considered an interesting platform for discussions with MFA/Danida and other NGOs (Secretary General, IBIS). However, despite these concerns the NGO representatives also found that with regard to the Nordic+ group, and hence Danida, it is unlikely that at the HQ level the aid effectiveness agenda will lead to less attention being paid to the role of civil society than before.

### 4.3 MFA/Danida: Commitment but also concerns

The evaluation team noticed a clear commitment to the objectives and principles of the PD by all MFA/Danida respondents both at management and programme staff level. Nobody challenged the basic assumption that aid effectiveness can be enhanced by applying the principles of the Declaration, especially as regards the effect of harmonisation and coordination. It is also widely accepted that alignment to partner government systems – provided that these operate adequately – has a positive impact on sustainability and ownership.

All nine Embassies that took part in the evaluation reported significant amendments of the portfolio of programmes and projects and of the modes of collaboration with partner governments as a result of the PD. The Danida Annual Report and the Annual Performance Report confirm this impression<sup>16</sup>.

However, a concern about the short-term effects of the speedy transfer of programme and project management responsibilities was expressed by several respondents, especially

15) *Risgrevisjonen: Beretning om harmonisering og tilpasning af Danmark's bilaterale bistand til programsamarbejdslandene, 2006.*

16) *Both reports are available at: [www.um.dk](http://www.um.dk)*

Embassy staff. It was pointed out that in several cases the haste with which implementation responsibility has been transferred has had unintended effects on the progress of implementation: *'A potential conflict exists between the need for further alignment and the need to get development happening quickly on the ground. There are obviously also constraints to alignment in terms of weak national systems, but efforts to strengthen those must go hand in hand with gradually strengthening alignment'* (Danish Embassy, Bangladesh).

The evaluation team discussed with the MFA/Danida management the dilemma between creating ownership and achieving results, i.e. between implementation through national systems and the simultaneous commitment to achieve the MDGs. The response was rather clear: in instances where there is no political readiness to address the causes of the dysfunction of a partner organisation and the prospects for improvement are minimal, it should be contemplated whether it makes sense at all to continue the collaboration; also if this may jeopardise achievement of the MDGs. In other words, although it is important to pursue the objective of partner country ownership, this only makes sense under circumstances characterised by a sound development-oriented environment.

#### **Comment on the potential dilemma between the MDG and the Paris agenda**

'Together with eight partners, Denmark supports the education sector with a kind of sector budget support. The Ministry develops strategies, plans and implements through own systems. In order to achieve the MDG and EFA targets, Zambia has to construct approx. 5,000 new classrooms every year. In 2005, the Ministry managed to complete 250. The results for 2006 and 2007 are not much different. With the present capacity, Zambia will not get anywhere close to the MDG targets. Everyone is aware of that. There is need for a fundamental reform of the Ministry of Education, they must give up the idea that they have to manage each and every construction contract and instead focus on setting standards and guidelines. The dilemma is apparent: If we, the international community including Zambia, have hopes of reaching the MDG/EFA targets, more schools need to be constructed. The present system cannot deliver, and the reform capacity/willingness to change is not present. What is more important: Ownerships or results? Can we as international donors accept alignment to national systems that are evidently dysfunctional?' (Danish Embassy, Zambia).

Hence an incontrovertible agreement prevails among the interviewed MFA/Danida personnel and the Embassy respondents that the set of tools proposed by the Paris Declaration constitute relevant and useful mechanisms for improving the effectiveness and sustainability of aid. A major effort has been made to adjust not only new but also existing programmes to the PD principles, i.e. to intensify the division of work among development partners and to align to government priorities. But the circumstances under which this takes place vary considerably between countries and sectors. Weak governments or lack of interest in the PD were reported by the Embassies as being among the factors impeding progress on harmonisation and alignment.

### 4.4 Aid Management Guidelines

As mentioned, the Aid Management Guidelines (AMG) have been adjusted to reflect the aid effectiveness agenda in line with the PD. The AMG, which are regularly updated, indicate how the MFA/Danida management would like to see the Paris agenda – and Danida’s policies – translated into concrete action.

A number of documents have been updated in 2007 and listed at the AMG site, for example: Format for Country Strategies (October 2007); Programme management (October 2007); Joint Financing Arrangements (September 2007) and Budget Support (September 2007)<sup>17</sup>.

The AMG do not limit themselves to Danida systems, but are closely linked with the Nordic+ initiative. For example the guidelines on delegated cooperation, joint financing mechanism and procurement procedures are the outcome of an effort to harmonise the implementation practice with the Nordic+ group<sup>18</sup>.

The vast majority of respondents found the AMG clear and very instructive. Both HQ and Embassy levels characterised them as detailed (some said too detailed), easy to read and well understood. There was also general appreciation that the AMG were pitched at the right level, being a series of guidelines and not overly prescriptive, and flexible in approach. According to the AMG ‘the guidelines should be read and adhered to in a flexible manner allowing local solutions and compromises’. In the words of the KVA Department, they are to be seen as a fallback option. However, some thought that in the future the principle of ‘flexibility’ will need to be reinforced. The AMG hotline was highlighted as a very useful tool by many respondents.

There were some requests that possible scenarios or cases be provided of what works (or does not work) in different contexts, for example of tools and tactical and operative answers related to negotiating, issues of alignment and finance management. This would also help on-going programmes to improve and adjust alignment regarding political, strategic and operational changes of the country, it was argued.

Hence the AMG are viewed as excellent by nearly all, but several respondents argued that they tend to be too detailed for the new aid reality. Over the last few years, it was argued, the guidelines have become very long, covering too many aspects of development cooperation. It was suggested that the AMG need further adjustment to cater for *learning through problem-solving* as a means to provide the necessary knowledge required to make the PD operational in different settings and to help with ‘implementation on the ground’.

17) <http://amg.um.dk/en/menu/ManagementTools/CountryStrategies/> – *The guidelines have introduced a new approval process for country strategies, whereby Embassies are now provided with a mandate early in the formulation process. This allows Embassies to participate more actively in local formulation processes and gives them the flexibility to adapt to local circumstances and processes, and spares them from going back to headquarters asking for approval at a stage where the local process has been concluded and the result will be difficult to change.*

18) *Denmark has taken a very active stake in the drafting of these joint Nordic+ guidelines.*

### Comments on AMG and the Paris agenda

‘Danish aid has become much more transparent over the last five years. It is extremely easy to guide professionals to the right information on the internet. Especially by publishing all programme and most project documents directly on web pages... In addition all procedures such as contract management and aid management guidelines can be found on Danida web sites often in English, Spanish and French version, so indeed we are probably the most open agency of all our peers...’ *(Danish Embassy, Bolivia)*

‘It is suggested to improve the AMG giving possible scenarios to respond to the principles of the PD, e.g. [in relation to] alignment, offering tools and tactical and operative answers so that on-going programmes can improve their alignment [under circumstance of] drastic political, strategic and operational changes.’ *(Danish Embassy, Bolivia)*

‘They are certainly not unambiguous – e.g. what is more important: Government ownership or Danida priorities? To some extent, Government ownership is key. In other respects, Danish priorities are given equal weight. But given the flexibility in the AMGs, this ambiguity is not a major problem.’ *(Danish Embassy, Zambia)*

‘The AMG is a very developed tool for management of programmes and projects. It is probably too detailed for the new reality, but used as a fall back plan they are excellent.’ *(Danish Embassy, Bolivia)*

‘In terms of harmonisation the guidelines are very flexible (they are very clear that in joint initiatives AMG are to be considered guidelines only). In terms of aligning, it would be difficult to prepare guidelines that cover all situations. The guidelines are ok but obviously need to be supplemented with sound judgement etc.’ *(Danish Embassy, Bangladesh)*

‘AMG is generally supporting and providing a good basis for applying PD principles. Most other guidelines and instructions are likewise. However, there might be a tendency over the last 1-2 years to issue too many and too long guidelines and directives.’ *(Danish Embassy, Vietnam)*

‘The AMG are of a satisfactory standard. The important principle of flexibility is emphasised in the guidelines. It may be useful to have a consolidated set of guidelines as updated and revisions appear in a very ad hoc fashion and it is difficult for staff to keep track of all the versions.’ *(Danish Embassy, South Africa)*

‘The AMG hotline is a good initiative. Also the MFA could consider nominating a focal point/ advisor on questions related to the practical implementation of PD. The MFA could consider the establishment of a webpage on PD with focus on ‘best practices’, a discussion forum for staff members in the field, and sharing of relevant documents.’ *(Danish Embassy, South Africa)*

## 4.5 Denmark and the five Paris principles

The OECD-DAC Monitoring Survey from 2006 provides an indication of how Denmark performs in relation to each of the five principles. However, as mentioned, the reliability of the survey findings has been questioned by Danida and other donors, arguing that the data collection method was inaccurate and inconsistent.<sup>19</sup>

### 2006 OECD Monitoring Survey on Danish development cooperation

Indicator	2005 Global baseline	2005 Denmark baseline	2010 Targets
3 Aid reported on budget	88%	47%	85%
4 Coordinated capacity development	48%	48%	50%
5a Use of country public financial management systems	40%	29%	-
5b Use of country procurement systems	39%	45%	-
6 Parallel implementation units (PIUs)		3.8/country	1/3 of before
7 In-year predictability	70%	49%	75%
8 Untied aid	75%	85%	85% →
9 Use of programme-based approach	43%	60%	66%
10a Coordinated missions	18%	33%	40%
10b Coordinated country analytical work	42%	80%	66%

David Booth's follow-up study<sup>20</sup> offers an attempt to provide more insight into Denmark's performance by deconstructing some of the more controversial findings. The study concludes that, when compared with both other Nordic+ countries and other donors in the same countries, Danish development cooperation face some significant and in many ways surprising challenges:

- On aid alignment as measured by budget realism, donors and governments in Denmark's programme countries have much to do together to achieve the goal of having the bulk of aid funds included accurately in the national budgets.

19) *Danida Annual Report 2006, p. 13.*

20) *David Booth: Denmark's performance in implementing the Paris Declaration. Insights from the 2006 Baseline Survey. ODA, London, June 2007. Mimeo*

- As regards coordination of technical assistance as a proxy for coordinated capacity development, Denmark does relatively poorly on this indicator despite being a leader in Programme-Based Approaches. However, there are grounds for doubting the way in which the information on this indicator was reported. The main feature to note is the low level of ambition currently being accepted in this area.
- On use of country systems, Denmark's aggregate performance is worse than the average for other donors in the same countries, and a great deal worse than that of other Nordic+ donors. This seems to reflect Danish practices and preferences, not objective weaknesses in the country systems.
- Similarly, Denmark has much further to go than other Nordic+ countries in reducing the number of parallel Project Implementation Units. It has an average of four such units per country, and as many as 14 and 17)<sup>21</sup> in Tanzania and Vietnam. Even if many of the PIUs may have special justifications (e.g. involve complex social infrastructure investments)<sup>22</sup>, this involves by-passing of the official structures on an impressive scale.
- Although Denmark performs better than the average on in-year predictability of aid, it does less well than other Nordic+ countries. Its programmes in Afghanistan, Bangladesh and Kenya are the worst offenders in this respect. While some of the reasons can be surmised, Denmark would do well to consider the reasons for haphazard disbursement in these cases, and whether it has pursued an approach that is consistent with its Paris commitments in all respects.
- The use of Programme-Based Approaches as a proxy for adoption of common arrangements was a weak point in the survey method (the measurement of coordinated missions and analytical work was another). Denmark scores better on this indicator than its peers, but on the basis of very different country scores (from 4% to 100%). An investigation of these differences might be useful in assessing the consistency of Danish policy in choice of aid modalities.

As pointed out by Booth, some of the findings are even more surprising given the fact that *'the Danish programme countries differ from the whole sample in consisting mainly of Low Income Countries (LICs), the exceptions being Egypt and South Africa. In general, LICs have been more influenced by the international aid harmonisation and alignment agenda than Middle Income Countries. One effect is that the countries supported by Denmark are much more likely to have in place a mechanism for mutually monitoring H&A commitments'*. On the basis of this, Booth suggests that more thought be given to the question whether the findings are a reflection of the conditions prevailing in Denmark's partner countries, or whether they reflect Danida-specific practices that have not yet changed in response to the alignment commitments.

The next section, drawing on the interviews and questionnaires as well as internal Danida documents, provides a more specific assessment of the Danish commitment to the five basic principles (or pillars) of the Paris Declaration, i.e. the commitment to partner

21) *The Embassy in Vietnam reported to the evaluation team that by end 2007, the number of PIUs had been reduced to four.*

22) *The result may also be related to Denmark's choice of support areas. For example, good governance and private sector development are areas where PIUs tend to be seen as the most adequate implementation mechanism. Also the rather strong focus on local development points in this direction.*

country *ownership* and leadership over the development process and the coordination of development actions; *alignment* to partner countries' national development strategies, institutions and procedures; *harmonisation* and effective use of aid; *managing for results* through focus on achievement of intended outcomes and targets; and *mutual accountability* for development results.

### **Ownership**

In the wording of the Paris Declaration, donors are committed to 'respect partner countries' leadership and help strengthen their capacity to exercise it'. The only indicator stated in the PD refers to partner countries having operational development strategies (often in the form of Poverty Reduction Strategy Papers, PRSPs) in place.

The Danida performance management system draws on a considerably more varied set of indicators when assessing partner country ownership. Indicators used for this purpose include the extent to which partner country governments take ownership of alignment and harmonisation efforts as indicated by for instance Joint Assistance Strategies, the importance of forums for dialogue between partner governments and donors, and the degree to which recipient countries have assumed responsibility for implementation of sector programmes (see Annex 6 for a list of indicators used by Danida to assess the performance in relation to the five principles).

Approximately half of Denmark's programme countries have prepared or are in a process of preparing JASs. In most cases Danida (the Embassy) has played an active role in the JAS formulation process. The response by the Embassy in Kenya is typical for the situation prevailing in many programme countries:

*'We are heavily involved in preparing the Joint Assistance Strategy (JAS) for Kenya and in following the intentions in this agreement, closely related to the main objectives of the PD' (Danish Embassy, Kenya)*

The evaluation team was allowed access to excerpts from a selection of internal MFA/Danida performance reviews dealing with alignment and harmonisation.<sup>23</sup> The common pattern emerging from the five reviews is that partner country involvement in and ownership to the alignment and coordination process is evident, except for Bangladesh. National development strategies are in place in all countries, but detailed sector policies and priorities were missing in several cases, hampering the Danida sector programmes' alignment to national goals and targets. Unfortunately, the performance reviews do not pay much attention to efforts aimed at strengthening partner countries' ability to exercise their leadership, which in many ways is at the forefront of this pillar of the Paris Declaration.

### **Alignment**

According to the Paris Declaration, alignment entails not only that the donors align with partner country strategies and use national systems, it also refers to initiatives aimed at strengthening partner country capacity to plan, manage, implement and account for results. Although the evaluation deals mainly with the capacity of MFA/Danida to implement the PD, a significant number of Embassy respondents called attention to the fact that capacity constraints on the side of the partner countries is one of the most serious factors hampering pursuance of the Paris Declaration principles.

23) *The reviews covered Bangladesh, Uganda, Zambia, Ghana and Tanzania.*



The Danida performance reviews assess alignment from a slightly different angle, focusing on alignment to national priorities, responsibility for implementation, aid modalities, programme leadership, use of national PFM systems, auditing and procurement procedures and finally monitoring and reporting routines.

#### **Successful Alignment. The case of Uganda**

In the case of Uganda, the PEAP (the national poverty reduction strategy) is very sensitive to the cross-cutting issues, including HIV/AIDS. The challenge is to measure how far Government is achieving the development results defined in the PEAP results matrix. In terms of PD, implementation of cross-cutting issues emerges as almost 3rd or 4th level derivatives. If they are going to be made 2nd level partial derivatives of the PD process, ownership, alignment, harmonisation and strong results mechanisms must be built around each specific issue with very clear targeting by a budgeting mechanism.

An innovative approach has been adopted with the national HIV/AIDS programming. Danida as lead donor in this area has mobilised and influenced other AIDS development partners to support a framework around HIV/AIDS, with a stronger ownership by the Government and alignment to the Government system. The Paris agenda has enabled stronger collaboration and cultivation of likeminded donors on particular issues. For instance, there has been tremendous effort spent in dialoguing with USA and GFATM on issues such as abstinence, the introduction of parallel import of 3rd party medicines or the need for health systems building. Whereas previously there was a tendency for those providing large amounts of funding to 'Do it first and inform later', efforts to harmonise and work in partnership with Government of Uganda and others are now made. One of the most concrete examples of increased harmonisation is the creation of a joint basket fund for civil society (CSF) late 2007. The fund is under the leadership of Uganda AIDS Commission (UAC) and managed by a steering committee. Partners include: Danida, USAID, Irish Aid and DFID, others are expected to join. All previous vertical US-funded orphan support programmes also goes through the basket. In addition, all future Global Fund support (GFATM) for civil society will also go through the basket mechanism. In the new Danish HIV/AIDS programme aimed at supporting national leadership and overall coordination, the programme is aligned with the National Budget Process and is within the framework of the national strategic plan for HIV/AIDS. The Danish programme will use the same indicator system as the National M&E Plan. All programme funding goes through the national Partnership Fund under UAC or the joint fund for civil society.

Another concrete example is how, based on the lessons learnt from the misuse of the Global and GAVI funds in the past, a Long-Term Institutional Arrangement has now been developed for the use of national structures for both GFATM and GAVI funds in the future. This is based on collaboration between Ministry of Finance, Ministry of Health, Uganda AIDS Commission and Health and AIDS development partners.

As regards alignment to national goals and targets as expressed for instance in poverty reduction strategies and national plans, the five internal performance reviews gave the Danida country programmes high overall marks. The general picture is that the country programmes have undergone significant changes in recent years to match partner coun-

try priorities and concerns, e.g. the JASs. However, at sector level the situation is less encouraging, partly as a result of unclear government strategies and goals at sector level, partly because the Embassies have not yet adjusted existing programmes to the new sector realities.

With regard to adjustment to partner country policies and strategies, a significant number of Embassy respondents stated that they see a potential conflict between the aligning thrust and the tendency to pursue a Danish political agenda by earmarking funds for thematic and cross-cutting issues. It was argued that the earmarking tends to jeopardise partner country ownership – and to increase the workload of the Embassies. Cross-cutting issues were mentioned as an area where there are fundamental differences of view between donors and partner countries. In Denmark there are strong political constituencies that push these issues, whereas in partner countries they do not always rank as high on the political agenda and are seen as ‘donor issues’. Also, at the substantive level, respondents reported that at times there are situations where policy clashes force Danida to decide not to provide assistance because the difference of opinion is too deep, or to provide assistance through the civil society. Some Embassies found that there is a lack of platforms and mechanisms to solve such fundamental differences.

### **Comments on the potential conflicts between the Paris agenda and the principles of Danish development cooperation**

‘There are several latent conflicts, a number of which are spelled out below:

- *Political:* Denmark has a number of priority themes such as gender, environment, and human rights, which are not necessarily given much (substantive) attention in the strategies and plans of Government. When Denmark aligns to the Government sector strategies, it becomes difficult to ensure special focus on Danish priority areas without contravening the PD principles (i.e. if Denmark in the education sector insisted on a special bursary scheme for girls or insisted that a certain proportion of the budget be allocated to curriculum development in the field of sexual and reproductive rights).
- *Administrative:* In Zambia, the mandatory reviews are increasingly scheduled as part of joint review, in order to minimise transactions costs. However, there are still Danida specific issues that are difficult to address within the joint format (e.g. the format for assessment of programme support).
- *Norms:* In terms of fraud/mismanagement, the Danish principle is to exert ‘due diligence’ and ensure that the practise in question is stopped or addressed immediately. In one specific case, this meant suspending a number of programme staff and changing the locks to their office. In the best of all possible worlds, this should have been done after having held a steering committee meeting and the decision should have been made by the national chairman. This was not a practicable option, and the incident caused quite a bit of resentment (which is also understandable, as it effectively sidelined the whole cooperation agreement).’ (*Danish Embassy, Zambia*)

‘There are several conflictive or opposing considerations, for instance:

1. Managing between being a visible and important partner and stepping completely back to allow full ownership. This is especially clear when the Embassy is receiving visits from Danish politicians and only few people know about the full extent of Danish aid.
2. In some areas, such as programme preparation, the flexibility of the Danish system is less than we see among some donor colleagues. Sometimes they are able to finalise preparations much faster than we are. However sometimes they agree to things, which we find not acceptable in terms of quality, financial control and supervision.’ (*Danish Embassy, Bolivia*)

‘Real issue of conflicts between the five Paris Declaration principles is the Public Financial Management and procurement issue. In a country like Bangladesh, where corruption and bureaucratic red-tape is one of the main hurdles of implementation, it is difficult to provide the [Government] full financial responsibility and full responsibility of procurement.’ (*Danish Embassy, Bangladesh*)

‘Denmark wants to focus on fewer sectors and leave other sectors to other development partners to improve the division of labour and lower the transactions costs in line with the Paris Declaration. The temptation to come up with new specific Danish initiatives such as e.g. gender and HIV/AIDS makes it harder to implement such principles.’ (*Danish Embassy, Tanzania*)

‘Will it be possible de facto to delegate Danish funds/cooperation to another donor and will it be accepted that in such cases the Danish Embassies/the MFA do not have the same hands-on information about the activities?’ (*Danish Embassy, Mali*)

‘It could be argued that the tendency to thematic earmarking of the Danish ODA funds to issues such as HIV/AIDS, gender does go against some of the principles of the PD, as it at time makes it difficult to provide timely, transparent and comprehensive information about Danish Development Cooperation, as a lot of these funds are implemented as ‘ad-hoc projects.’’ (*Danish Embassy, South Africa*)

‘Many of the new aid modality may make it more difficult to control the implementation of many of the key principles, values and interest at the programme level as the government takes on more ownership and thus control of the whole implementation process. However, the new aid modalities and the harmonisation and coordination efforts also represent an opportunity for the Danish embassies to advocate the Danish principles, values and interests among other donors, and development partners.’ (*Danish Embassy, South Africa*)

‘The high number of special Danish cross-cutting and priority areas and use of funding targets for specific issues can undermine country ownership/leadership and the alignment to partner country policies and strategies.’ (*Danish Embassy, Vietnam*)

‘Denmark is particularly vulnerable to criticism not only in relation to budget support but also when it comes to TA. As new sector programmes are formulated, joint technical assistance become much more common and resistance from other donors and government to bilateral Danish advisors will increase. These advisors are furthermore often tied up to institutional structures that are classified as PIU. Many bilateral donors have technical expertise at the Embassies but with ceilings imposed on Programme Management Units at the Embassies this is not an option for Denmark. A new way of working with TA has to be developed’. (*Danish Embassy, Kenya*)

In the view of the MFA/Danida management, the political priority given to cross-cutting issues and priority themes by the Danish Government is clear and well-established, and efforts have been made to mainstream these issues into Danish development cooperation over a long period. Thus the MFA/Danida management denied the existence of conflict between pursuing these issues and pursuing the PD agenda. According to MFA /Danida management, the problem emerges when Embassies are eager to cover too many areas and unable to integrate the thematic and cross-cutting issues into existing programme activities. The Embassies should be able to tackle the potential conflict by mainstreaming priority themes and cross-cutting issues, it was argued. A series of reviews of Danida’s experience with mainstreaming of cross-cutting and thematic issues was launched recently. The conclusion of this exercise, which will span over several years, is intended to help overcome the perceived conflict between the desire to create national ownership and at the same time pursue specific Danish policy agendas. Furthermore, pertaining to issues where the difference of opinion is too deep to allow for an immediate compromise, the MFA /Danida management expressed the view that these are matters for discussion at high level meetings.

As mentioned, sector budget support and participation in joint implementation arrangements such as SWAs and basket funds is preferred to general budget support. The internal performance reviews found that in the five countries examined there is a marked tendency towards reliance on baskets, although the move in that direction varies between the countries and sectors. The Embassy responses confirm this impression: ‘The Embassy works closely together with other donors at a general level and in the sectors to coordinate activities, and a large number of basket arrangements have been established...’ (Bolivia). The picture emerging from other responses is essentially the same.

Notwithstanding the tendency towards pooling of donor resources and the enhanced alignment of the support to national strategies, the policy dialogue at sector level seems to pose a challenge in some countries. Several questionnaire respondents reported that the sector policy dialogue was insufficient or even missing, primarily because of the lack of technical expertise among the staff of the partner organisations. The Ghana performance review suggests that the donors’ move towards general budget support and silent partnerships mean that there are fewer resources left to monitor results and engage in sector dialogue. Ongoing reductions in the number of (posted) staff may further aggravate the situation.

### Comments on partner country leadership and alignment

‘In general many donors, especially Nordic+, are very well aligned with the Bolivian systems using 100% national procedures for most activities in some cases. This entails significant delays in programme implementation, but it is felt to be the right course. The new EU code of conduct (incl. a maximum of three sectors per donor) may provide a push to much more serious harmonisation efforts within the next 12 months.’ *(Danish Embassy, Bolivia)*

‘The increased use of joint funding and programmes requires more time for internal donor-coordination at least in the beginning, and the increased government ownership and implementation responsibility has led to a slowdown in and larger uncertainty in disbursements at least in the beginning of new programmes, which in turn has increased the need for close monitoring and greater care over programming. In some instances the local partners are hesitant to take upon themselves this leadership role.’ *(Danish Embassy, Vietnam)*

‘Denmark ought to challenge the Paris Declaration at the High-Level Meeting in Accra in 2008 in terms of the way the Declaration favours support to the public sector. Developing countries are asking for strong cooperation and support to the private sector and to civil society. This is presently a blind spot of the PD – as the PD indicators ‘penalizes’ support outside the public sector. This comment is also contributing to some of the unexpected consequences of the implementation of the Paris Declaration.’ *(Danish Embassy, Uganda)*

‘Our advisers are well aware of the importance of trying to align with government. In general, we do however experience many difficulties in Bangladesh often due to lack and commitment at senior level in terms of policy and strategy development and implementation as well as due to inefficiencies and shortcomings in the public sector in the country. This is a great challenge. What to align to?’ *(Danish Embassy, Bangladesh)*

The internal Danida performance reviews noticed a number of areas related to alignment where there is scope for improvement of the Danida support. These are by and large identical with the issues that the OECD-DAC Monitoring Survey suggested should be given more attention:

- There is a tendency to have Danida separate funding mechanisms both at component and sub-component level without sufficient reliance on national PMF systems, even in situations where these seem to operate satisfactorily. This is primarily attributed to the preferences of some Embassy staff and Danida advisors. It is important to emphasise that there are no MFA/Danida HQ instructions encouraging Embassies to bypass national PMF systems; on the contrary it is Danida policy to rely on these systems wherever this can be justified.
- More needs to be done to ensure that Danish aid flows are reflected in the national budget system. And that disbursement of funds is channelled through the Treasury and not through parallel Danida systems.

- Most programmes have Steering Committees (SC) either at component or sub-component level, in some instances also at programme level. The reviews noted a number of cases where the SCs are unable to facilitate the desired local ownership as they do not function properly. As a result, some programmes and components lack joint decision-making structures to facilitate reallocation of resources across components and sub-components and to ensure national ownership.
- Procedures for accounting, auditing and procurement vary substantially across components and sub-components. Some follow national rules, some Danida rules, and some a mix of the two. The overall observation is that more could be done to adjust these to national ones, although this is one area where the alignment is relatively advanced.
- Danish use of technical assistance is uncoordinated with that of other development partners, often as a reflection of the existence of PIUs.
- There is a tendency to spend too many resources on separate Danida reporting. The possibilities of drawing on existing national monitoring and reporting routines or, more realistically, of developing joint reporting routines with other donors are not fully utilised.

As a result of the findings by the HQ performance reviews, alignment and harmonisation action plans have been prepared in cooperation with Embassies for each of these. The purpose of the plans is to spell out specific actions to overcome the identified deficiencies.

In the logic of the PD, aid predictability is an indicator of alignment efforts. Already in the mid-1990s Danida introduced a programme approach to replace the previous project-based mode of delivering aid. Furthermore, Danida has taken steps to improve the access to information about and predictability of aid flows through the introduction of commitment-based budgeting instead of the previous system based only on disbursement predictions. Commitments are generally made on a 5-year basis.

### **Harmonisation**

In the perspective of the PD, harmonisation is about common arrangements, division of labour among donors and simplified procedures.

Apparently, at times donor harmonisation is more time consuming and challenging to practice than alignment, although the situation varies considerably across countries. The internal MFA/Danida performance reviews found that even when coordination structures in the form of e.g. sector working groups are in place, the de facto effectiveness of these is highly dependent on the government's and, not least, the development partners' engagement. For instance, the Tanzania performance review found that, although Tanzania is a role model in terms of alignment and harmonisation, the harmonisation is hampered by the fact that the preferred funding modality of donors varies considerably (from GBS to stand-alone project assistance). In Uganda the conclusion was that the harmonisation was pretty advanced but that it had lost its momentum.<sup>24</sup> Finally, in Ghana, it was observed that the coordination bodies tend to focus on implementation issues rather than policy dialogue. In all instances the division of labour among the development partners was reported to be a hot topic that the governments tend to shun.

24) *The Danish Embassy in Uganda has informed the evaluation team that the Government of Uganda has in February 2008 retaken the initiative and ownership of the process and invited the development partners to join in. The renewed progress has been characterised by clear government statements and papers and an open dialogue between the Government and the development partners.*

Several Embassy respondents called attention to the unexpected complexity of the collaboration between donors and government organisations: *‘For one thing, the relationship between government and development partners has become formalised and rigid. Where there used to be multiple levels of contacts and dialogue, there is now one official position. Both parties (government and partners) have multiple stakeholders (i.e. different line ministries and different partners), and positions are consequently often fragile compromises. The interlocutors (i.e. the Ministry of Finance and the lead partner) often have relatively inflexible mandates, making the dialogue somewhat formalistic’* (Embassy in Zambia). This response highlights the concern voiced by many who have assessed the experience so far with the implementation of the PD, viz. that there appears to be a proliferation of coordination and harmonisation forums, and that these tend to have overlapping mandates and responsibilities.

Another point raised in the Embassy responses was the challenges caused by weak or unengaged leadership on the side of the government (RSA, Bangladesh, Zambia and Bolivia) and lack of trust among the donors (Bolivia), which at times hamper the effort to harmonise and concentrate the development assistance.

#### **Comments on the harmonisation challenges**

‘The Embassy is co-lead within the water sector and this has to a large extent increased the administrative workload of the concerned staff under the water sector. It has in many ways diverted attention from the Water Sector Programme Support to other issues arising from the PD, these include the attending meetings of different committees established including the one Water Sector Advisory Committee and its three sub-sector committees, the water sector cooperating partner meeting and representing other cooperating partners in the Steering Committee. In summary, an estimation of 40 to 50% time is taken away on PD related issues.’  
(Danish Embassy, Zambia)

‘The Joint Assistance Strategy (JAS) is a comprehensive framework for managing the development co-operation in Tanzania. The objective of the JAS is to contribute to an effective and efficient implementation of Tanzania’s National Strategy for Growth and Reduction of Poverty (MKUKUTA), the two key principles being harmonisation between donors and alignment with government structures. The framework for harmonisation between donors and alignment with government structures is now in place. The challenge now is implementation... Challenges remain when it comes to alignment and harmonisation, where there still are too many parallel project implementation units and too much aid not being provided through programme-based approaches...’ (Danish Embassy, Tanzania)

‘One major constraint is that development partners still do not accept to be sleeping partners in certain areas which make coordination among development partners time-consuming with rather large transaction costs.’ (Danish Embassy, Tanzania)

‘As the lead donor, the Embassy spends considerable effort to align activities to national programming as opposed to own programme implementation. Cooperating Partners, including some international NGOs, have monthly coordination meetings. Dialogue with government is in Sector Advisory Group meeting quarterly plus in sub-advisory groups. .... Constraints are not really given from HQ in Copenhagen, but rather by other partners own constraints and governments capacity to implement programmes in a proper way. In particular the multilateral partners (UN, WB and AfDB) have problems to act in a harmonised way...’ *(Danish Embassy, Zambia)*

‘In Mali harmonisation and alignment seem to be a rather new aspect in development cooperation. Only in the General Budget Support, Education and Health sectors harmonisation is already being taken into account. The Danish-Malian cooperation programme concerns the Water and Sanitation Sector (2006) as well as the Agricultural Sector (2007) and the Private Sector (2007). In the first three sectors Denmark is playing and intends to play an active role in harmonisation...

As far as the new two upcoming sector programmes are concerned the Embassy together with the various mission teams has made a big effort to consult and coordinate with other donors and the Govt. of Mali. And the intention is of course to continue. For the Embassy it will be an important, but huge job to carry forward the harmonisation and alignment agenda in these two sectors – like in the water sector. The degree to which the Embassy can play an active role depend necessarily on having sufficient staff and sufficiently experienced staff...’ *(Danish Embassy, Mali)*

‘The Embassy is active with regard to information sharing and harmonisation within the Nordics development partners as well as the EU circle and with likeminded donors like CIDA. Also, the Embassy is currently looking into how we, in cooperation with our partners, can harmonise support given to the regional activities through non-governmental actors such as think tanks’, NGOs as well as SADC, as a big need for this has been identified. The PD principles provide a strategic framework within which the Embassy can contextualise its present and future activities both nationally and regionally.’ *(Danish Embassy, South Africa)*

‘Over the last three years the Embassy has changed its modus operandi by gradually moving from Danida-led programmes and projects with parallel structures and mechanisms to using Government of Vietnam structures and systems for implementation of Danida-supported programs. This has also resulted in a completely new role for Danida advisors as they do not any longer have management responsibilities but are truly advisors for their Vietnamese counterparts. Furthermore new programs and financing modalities including sector budget support and basket-funding working together with other donors have been introduced in some areas...

This changed way of operating has had major implications for the role of the Embassy in a number of ways. Firstly, the Embassy is getting much more actively involved in policy dialogue with the Vietnamese partners on a regular basis. Secondly, the Embassy is to an increasing degree using value-for-money audits, spot-checks etc. as a means of determining aid effectiveness. Thirdly, the increased use of joint funding and programs requires more time for internal donor-coordination at least in the beginning. Fourthly, the increased government ownership and implementation responsibility has led to a slow down in and larger uncertainty in disbursements at least in the beginning of new programs which has increased the need for close monitoring and greater over programming.’ *(Danish Embassy, Vietnam)*



‘Taking initiatives to further develop the PD may not make sense in a situation where the advance party (Nordic+ to some extent) already is quite far ahead of the others. The perception and interpretation of PD various already significantly and moving further ahead could lead to a rift in the donor groups at local level. Major donors like USAid, Japan and to some extent the World Bank and southern European donors have quite different positions on may issues’ (Danish Embassy, Kenya)

The Embassy in Mali furthermore highlighted the fact that the conditions for alignment and harmonisation vary considerable between regions: *‘Harmonisation and alignment – however important it is – is a rather lengthy and time-consuming task in the Sahel-countries (experience from Burkina, Niger and Mali); SWAps do not exist in general, except for a few sectors, education and health, and other donors’ cooperation seems grosso modo either to be in the form of General Budget Support or more project-type’.* (Danish Embassy, Mali)

Another challenge highlighted by several (approx. half) of the Embassy responses is the ambiguous attitude to the Paris Declaration by many development partners: *‘The mandate is not fully given to local representatives on behalf of their head offices.. In particular the multilateral partners (UN, WB and AfDB) have problems acting in a harmonised way. Many partners still have unilateral meetings with government, often without consulting or informing leads. Constraints are also experienced by a few individuals who pursue own carrier interests instead of trying to phase themselves out.’* (Danish Embassy, Zambia)

The Embassy in Bolivia is facing the same challenge: *‘The main problem of donor harmonisation in Bolivia is in my opinion related to the disbursement pressure that each donor is facing. This means that some donors will tend to sort out their own bilateral agreement with the government in order to achieve at least some disbursement rather than wait for a larger joint sector support programme’.* (Danish Embassy, Bolivia)

### Comments on unexpected consequences of the implementation of the Paris Declaration

‘Such include the increase in the transaction costs in terms of time spent by CPs in trying to create consensus around specific issues for instance getting a basket fund running. The realisation that CPs has to communicate with their respective headquarters for specific actions to be approved, whilst others are decentralised. The increase in the number of meetings amongst the sector ministries as at times one department could have different responsibilities and have to coordinate with different CPs.’ *(Danish Embassy, Zambia)*

‘Compared to my earlier posting, I have much less interaction with Government counterparts now. If I have issues related to the cooperation, I raise them through the lead donors. I feel that I have less information now than I did in the past, but I certainly see the value for the Government: The issues I have are not that different from the issues raised by the other donors (gender, accountability, etc.), and there is no point in repeating the same messages.’ *(Danish Embassy, Zambia)*

‘I can see most visible thing is the communication between component and Embassy, previously we from the Embassy usually communicated with Danida Advisors. After set out of Paris Declaration the Embassy communicates with partners.’ *(Danish Embassy, Bangladesh)*

‘Efforts to align to GoB systems have led to delays in implementation. These are discussed across the Embassy (particularly in the Embassy Programme Committee) and with our HQ...’ *(Danish Embassy, Bangladesh)*

‘In the short run the PD has implied a lot of extra ‘transactions cost’ in terms of meeting, questionnaires etc. Ways to reduce these costs must be explored.’ *(Danish Embassy, South Africa)*

Hence the responses suggest that when partner country leadership is weak and the absorption capacity moderate, donors tend to pursue their own bilateral agendas. Some of the Embassies facing this problem have suggested that there is a tendency among the donor HQs to push the Paris agenda too hard, underestimating how long it actually takes to build up the necessary capacity of the partner organisations to assume full responsibility for implementation of the often quite complex sector reform programmes. Many respondents, both at HQ and Embassy level, found that as a consequence more attention should be paid to capacity development, especially in the areas of policy development and public financial management.

An important forum for cooperation between the likeminded donors is the so-called Nordic+ group. The Nordic+ group has been instrumental in preparing shared guidelines for joint financing modalities, delegated cooperation and common procurement procedures. While Danida is a strong supporter of joint financing and coordinated procurement procedures, it has some reservations regarding delegated cooperation as a means of increasing the division of labour among donors. Instead of delegated cooperation Danida prefers to reduce the number of sectors as the way to cutting the workload of staff. The reason behind this, is that experience indicates that delegated cooperation does not necessarily serve the intended purpose in terms of reducing involvement of Embassy staff, while it at the same time diminishes the possibility of influencing implementation matters.

One of the controversial and still fiercely debated issues is that of technical assistance (TA). In the context of the PD, allocation of TA as an element of sector programmes is treated as a proxy for tied aid. Although Danida has considerably reduced the number of Danida advisors, TA still constitutes an important element of many Danida sector programmes. A recent joint donor evaluation<sup>25</sup> found that although not all use of TA is well planned, TA can be a useful vehicle for transfer of knowledge and expertise if the advisor possesses the right competencies, and the use of his/her expertise is carefully thought through and matches the requirements of the partner organisation.

### Managing for results

This is one of the areas where most uncertainty prevails as to what the Paris Declaration actually means. The commitments made in the Paris Declaration primarily deal with issues related to monitoring and performance assessment.

Managing for results is an issue related to leadership, much of it on the partner side, but it is also about defining joint goals and targets, and how to keep an eye on and use these. Hence M&E findings help to support policy-making and strategy decisions both at national and sector level. In the case of Danida, all sector programmes comprise indicators for expected inputs, outputs and results (outcomes). Where possible, the indicators are drawn from national plans and sector strategies.

#### Policy Review and Managing for Results

The Poverty Eradication Action Plan (PEAP) is Uganda's overarching plan for poverty eradication and for the first time an Annual PEAP Implementation Review (APIR) has been taking place in Uganda covering the Financial Year 2005/06. The Danish Embassy in Kampala took a lead in supporting the concept development and implementation of the first APIR.

The APIR is an example of a component in the Ugandan managing for results framework. The first APIR process is both a review and a methodology to develop a better and more effective managing for results framework. This enables the development of better reviewing mechanism of the PEAP. The APIR thus enables Government and stakeholders to make informed decisions that will keep the PEAP on track and support a transparent decision-making process. As the APIR is becoming institutionalised the focus on results in the implementation of the PEAP gets sharpened.

The APIR process is institutionally situated at the Office of the Prime Minister. Indicators of its success include that the APIR 2005/06 has been discussed in Cabinet in 2007. The Cabinet has recommended that APIR is used for preparing the 2008/2009 budget, and the APIR is planned to be discussed in Parliament. The APIR was presented by the Government of Uganda during an OECD-DAC Round Table for Managing for Results in Hanoi in January 2007 and during an OECD-DAC workshop on cross-cutting issues in Dublin – in April 2007. The APIR has been nominated to the Third Edition of the OECD-DAC Sourcebook on Emerging Good Practice in Managing for Development Results. (*Danish Embassy, Uganda*)

25) *Joint Evaluation Study of Technical Assistance Personnel, ECDPM Discussion Paper No. 78.*

The findings by the MFA/Danida internal performance reviews as well as the responses received from the Embassy staff suggest that this is an area where there is considerable scope for improvement, although marked improvement has taken place in many countries. It is costly to collect reliable quality data. Therefore the challenge is to identify simple, affordable data collection methods and identify the most needed data without embarking on overambitious, unfeasible data collection exercises. According to the respondents many Danida sector programmes tend to operate with their own indicators and data collection routines rather than to rely on those developed by the governments for its own purpose.<sup>26</sup> Hence the task seems to be two-fold: (i) To assist the partner governments in improving their M&E systems and the quality of data, and (ii) to adjust Danida monitoring routines to those of the partner governments and partner institutions.

### **Mutual accountability**

Mutual accountability is another area of the PD where considerable uncertainty prevails as to how the principle should be comprehended and thus monitored. Mutual accountability tends to be interpreted primarily in relation to three aspects, namely partner country-government accountability to their constituencies; secondly, donor obligation to provide timely and comprehensive information on aid flows and activities, and thirdly partner government obligations to provide info on the use of funds and reform progress.

MFA/Danida does not systematically collect data directly related to mutual accountability. However, governance, accountability and transparency are key concerns of all Danida operations. In almost all 16 programme countries Danida provide support of good governance, usually in the form of a sector programme. Furthermore, governance is seen as an integrated element of all sector activities. Performance matrices developed for and used in negotiations on GBS are often an important measure in the mutual accountability process (the 10 guiding criteria used for assessing GBS can be found in Annex 7). The biannual high-level consultations between the Government of the partner country and Danida's management are another means of stimulating mutual accountability.

## **4.6 Paris and cross-cutting concerns**

The only specific reference to cross-cutting issues in the PD is under 'Harmonisation', where there is a commitment to harmonised approaches to environmental assessments and to '*similar harmonisation efforts [...] in other cross-cutting issues*'. Given, however, the importance of cross-cutting issues, including HIV/AIDS, for many of the donors, there is clearly an interest in examining the relationship between PD and cross-cutting issues in greater depth. As the following will show, there are both challenges and opportunities that need to be better explored, understood and explained.

In Danida, both interviews and examples given in questionnaires have revealed a number of areas of potential conflict. The issue of ownership was emphasised in most interviews.

26) *This is in contrast to instructions from HQ requiring that at least indicators and related targets at impact and outcome level should where possible be drawn from country systems and strategies (PRSPs, sector strategies etc). The evaluation has not systematically been able to address the level to which this actually takes place.*

At partner country level, cross-cutting issues are often said to be seen as donor priorities, explained by the pressure from strong constituencies in donor countries, and field level staff often feel that they are not equally important for partner-countries, particularly at government level. At the same time, they recognise that in partner countries there are often parts of civil society that share the concerns relating to cross-cutting issues.

The operationalisation of ownership: ‘Whose ownership?’ hence becomes a key issue.

Another area where interviewees highlighted a potential conflict was harmonisation. It is clear that there is a commitment to harmonisation, to programme-based aid modalities. At the same time, 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. At HQ level, staff and in particular management stressed that there is no need or push for visibility or ‘flag waving’; yet, Embassies seem to perceive a desire from HQ for visibility and the ability to report on specific results in these areas. Thus there seems to be a communication gap that needs to be resolved.

One initiative that is being initiated to help give visibility is to earmark funds for different cross-cutting and thematic issues, rather than to focus on outputs and outcomes. This work, however, faces difficult methodological challenges as cross-cutting issues are often mainstreamed, and DAC classification codes are not developed to support this type of tracking.

A particularly difficult alignment challenge arises when cross-cutting issues give rise to conflicting objectives (see the box below); in these cases, staff at HQ stressed a need for a deeper understanding of and dialogue on who the project targets, what results are expected, and what approaches may best achieve these results. This is fundamental to knowing if alignment is possible, and what exactly the programme is aligning to. It was found, however, that the capacity for such a dialogue is sometimes wanting, and that the nexus between PD and cross-cutting issues are not well understood.

While the above demonstrates some of the perceived conflicts between cross-cutting issues and the PD, there is also a school of thought that sees the two as potentially mutually reinforcing. There are many dimensions to this, and the DAC networks on gender, environment and governance/human rights have been particularly active in exploring and documenting this dimension, notably through a workshop in Dublin in the Spring of 2007<sup>27</sup>, and will continue this work in a new conference in London in the Spring of 2008.

The key issue posed is an issue of reciprocity. The question is: ‘to what extent are the PD’s key principles and partnership commitments valuable tools for advancing cross-cutting policy issues, and on the other hand, what is the potential of cross-cutting policy issues for adding value to the implementation of the PD?’ Understanding that link, however, requires a clear interpretation of the PD, something that seems still to be lacking.

27) *Workshop on Development Effectiveness in Practice*  
[www.oecd.org/document/57/0,2340,en\\_2649\\_3236398\\_38282425\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/57/0,2340,en_2649_3236398_38282425_1_1_1_1,00.html)

### Paris and cross-cutting issues

An example of the complexity of cross-cutting issues (in this case human rights) and ownership and the role of civil society is given by the Embassy in Zambia, where a controversy erupted around new legislation for NGOs. Some donors saw it as a restriction of democratic space and wanted concerted action to have it withdrawn. Not all donors wanted to engage on this though, as intervening was seen as potentially too sensitive and damaging for their relationship with the government. Danida then supported a group of NGOs who went to explain to parliamentarians the key issues, with the result that the legislation was put on the back burner. Later, however, the finance ministry required reporting on NGOs, akin to the controversial, but withdrawn, legislation. So whose ownership are donors dealing with? Parliaments? Civil society? Government? Which part of government? There are many different constituencies with different views that donors need to deal with, and PD principles provide little operative guidance. (*Excerpts from telephone interview, Danish Embassy, Zambia*).

In Danida, in general terms, there seems to be a shared understanding that the PD is a means of achieving a goal; it is not a goal in itself. Secondly, it is seen as a joint commitment to work within a given framework rather than an obligation to necessarily comply with all indicators at the same time. Indeed, there is a feeling, in particular at policy level, that obsession with achieving indicators may jeopardise the principle and derail the effort as it tends to oversimplify complex issues. Hence, the importance of process cannot be overstated: *‘The PD is a process to help reveal the weaknesses in the aid delivery system and mechanisms, and to initiate the processes needed to solve them’*.

This, however, is often where the shared understanding ends; the evaluation has revealed significant differences in interpretation when the principles are operationalised, something that is particularly evident when it comes to cross-cutting issues, as the above examples show.

In sum, interviews and questionnaires in Danida indicated that:

- Cross-cutting issues are often seen as a donor issue, revealing the political dimension of aid.
- While acknowledging that the PD is valid for cross-cutting issues, only few people see intuitively how cross-cutting issues can be addressed as an integrated part of the aid effectiveness agenda.

According to interviewees, the solution to the above has several strands:

- It is useful to deconstruct development assistance in order to better understand what works for who and how in relation to integration of cross-cutting issues.
- Dialogue is the means to better target cross-cutting initiatives to where they are needed and to understand how they are best supported.
- It is essential to develop capacity to get sustainable results.

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## 5. Assessing Capacity Challenges

Within Danida considerable attention is paid to communicating with staff and tackling the challenges associated with the implementation of the Paris Declaration at all levels. At the same time, decentralisation of the management of Danish development cooperation has meant that Embassies are engaged in greater 'field-based management' and decision-making in line with the Declaration.

Addressing capacity building aspects requires a broad understanding of the scope of capacity issues, i.e. beyond the usual training and technical assistance approach often cited. The general sense of the term from this perspective is the ability to deliver, make operational or implement better. The focus here is on capacity as general knowledge management and problem-solving – the means – as part of an effort to improve results and performance – the ends.<sup>28</sup>

Capacity development is a key feature of the PD. In the context of the Declaration, donors are committed to assisting with creating the necessary capacity to plan, manage and implement programmes and projects critical for achieving agreed development objectives. In line with this, most sector programme support provided by Danida actually includes elements of capacity development. An assessment of the quality and scope of such activities is, however, beyond the scope of the present evaluation.<sup>29</sup> Instead, in keeping with the ToR, the focus of the Danida HQ evaluation is primarily on capacity issues related to Danida's capacity to apply the Paris principles.

Consequently, with respect to implementation of the PD attention should be paid to abilities and resources allowing Danish development cooperation – individuals, groups, organisations and groups of organisations – to respond positively to the principles and targets of the PD. It is also important to focus on capabilities that can help to provide more operational and specific ways to deal with the broader concept of capacity.

### 5.1 Decentralised aid management and Paris

To what extent has the decentralisation of Danish development cooperation influenced the implementation of the PD?<sup>30</sup> And, has the role of the Embassies been adapted to the aid effectiveness agenda? These are two vital questions raised in the ToR.

28) See Boesen, N. & Therkildsen, O. (2005). *A Results-Oriented Approach to Capacity Change*. MoFA, Danida. Also Morgan, P. (2006). *The Concept of Capacity – Draft version*. European Centre for Development Policy Management. May 2006. [www.ecdpm.org](http://www.ecdpm.org) and Hovland I. (2003).

*Knowledge Management and Organisational Learning: An International Development Perspective. An Annotated Bibliography. Working Paper 224. Overseas Development Institute. August 2003.*

29) See Boesen, N. & Therkildsen, O. (2005). *A Results-Oriented Approach to Capacity Change*. MFA/Danida

30) Danida has scheduled an evaluation of the experience with the decentralised management system to be launched in 2008.

Overall the Embassies reported that they enjoy adequate authority and autonomy on administrative, policy and managerial issues to pursue the objectives of the PD. The only stated problem is the limited possibility of making budgetary reallocations. The most serious reported bottleneck concerns lack of sufficient staff:

*'The Danish Embassies are more decentralised than most other partners, and policies are less top controlled than previously. Largely the Embassy does have a reasonable level of autonomy to manoeuvre within programme budgets and country frames. Financial allocation for the country programme is however not very flexible and does not give enough freedom to act... Overall the Embassy does have an advantage over other actors in dialogue with the partner government. However overall policies still direct the Danish position in programming and could be more flexible to meet recipient demands and policies'. (Danish Embassy, Zambia)*

The Embassies found that they have received adequate information, guidance and management responses on the Paris and Nordic+ principles. However, a considerable number of Embassy respondents called for more backstopping and coaching by the HQ and more attention to experience-sharing among Embassies. One Embassy pointed out that it would be exciting to pursue a 'bottom-up' approach whereby the HQ take advantage of the decentralised capacity developed by the Embassies when refining the attitude to the Paris principles. Also, it was stressed that the experience and lessons learned in other countries and by other cooperation agencies constitute a valuable contribution to an improvement of the performance of local staff. The KVA Department (KVA) and the Technical Advisory Service (TAS) are already providing such backstopping services, but the feedback given by the Embassies suggests that the demand goes beyond what is presently available.

The Embassy response from South Africa highlighted the fact that in their case most support is channelled through NGOs and local institutions. However, the PD is primarily about government-to-government cooperation and does not really address the issue of CSOs and NGOs vis-à-vis government. NGOs often play a dual role. On the one hand they serve as advocacy bodies and critical watchdogs, on the other they are service providers usually targeting the groups that cannot be reached through the government system. There appears to be a need for clearer guidelines as to how this dual role may be tackled from the perspective of the PD.

The ToR for the present evaluation calls for an examination of unexpected effects of the application of the Paris principles. The most frequently reported 'side effect' is the increase of transaction costs. All Embassies uniformly stated that the anticipated benefit of the PD in terms of reduced workload or administrative burden has not been seen yet. On the contrary, the Embassies reported that so far implementation of the PD has led to a considerably increase in the number of meetings, consultations, reporting etc. The time spent on creating consensus among development partners around specific issues, for instance getting a basket fund running, often adds to the transaction costs. Hence, whereas the focus on harmonisation and alignment may have reduced the transaction costs for partner governments, this does not appear to be the case for the development partners. The MFA/Danida management has suggested, however, that once the full effect of the JASs and the corresponding sector concentration is realised, the amount of work of the Embassies will gradually be reduced and the perceived problem of understaffing diminished.



**Comments on the Embassies' authority**

'The decentralisation of administrative and financial decisions from the headquarters to the Embassy, and the signs of priority of the PD received from DK, have transferred enough capacity to carry out a fluid dialogue with the partner country and the other donors in order to comply with the PD agenda.' *(Danish Embassy, Bolivia)*

'In terms of authority, we have no problems. Our problems would rather be from a capacity perspective as we could use more colleagues since the dialogue is time consuming and is happening both within the individual sectors and thematic areas and at the more general, overall, and cross-cutting level.' *(Danish Embassy, Bangladesh)*

Danish Embassies do have more authority and autonomy on these [PD] issues than a number of other development partners.' *(Danish Embassy, Tanzania)*

'It is of the outmost importance to have posted staff with a thorough knowledge of the Danish as well as South African financial, administrative, policy and managerial matters. As mentioned earlier, we have not yet seen the supposed benefits of the PD in terms of a reduced work or administrative burden.

With regard to the cooperation with regional organisations and NGOs there is a need for HQ to provide the Embassy with more autonomy in order to shift from a project based cooperation approved on a case by case basis, which can be argued to go against the PD principles, and to allow for the provision of more core-funding, the use of basket funding options, including cooperative partnerships, provide more predictable aid and make use of shared analysis in cooperation with others donors. Also, there is a need to make sure that a common approach are adopted to grants to the NGOs, in order to avoid that they 'shop around' and get core funding but at the same time in an uncoordinated way also obtain project funding from other entities of the MFA.' *(Danish Embassy, South Africa)*

'The major decentralisation of authority to the Embassies which Danida has implemented since 2003 has proven to be most effective in adapting the Danida- supported programs to the Paris Declaration and to local conditions. It is essential that this decentralisation is not rolled back in any way. Therefore any talk of directional support for the Embassies should be avoided. With regard to technical support the Embassy is quite satisfied with the possibilities which exist for assistance from TAS if necessary. However, it would be an advantage if all staff in TAS is fully informed about PD and follows its direction when performing reviews and appraisals. Also it is essential that external consultants in Denmark are made fully aware of PD.' *(Danish Embassy, Vietnam)*

**5.2 Towards operationalising Paris**

Effective dissemination and use of information, knowledge and learning is central to Denmark's approach toward policy-focused dissemination and debate. The aim is to raise the knowledge-base of staff to an understanding whereby they can engage usefully in PD issues. Thus, capacity building on the PD is not only meant to contribute to improved knowledge and understanding but also towards improved responsiveness and operationalising of the PD.

On-going competence development for MFA/Danida staff and advisors is on offer in the form of seminars, courses, and e-learning programmes provided by DCCD.<sup>31</sup> A considerable part of the courses is conducted before being posted. However, DCCD currently does not have any special courses on the PD, but all pre-posting courses give an introduction to the PD without going into details. Recently DCCD has also begun to offer in-country follow-up courses.

### **Comments on experience-sharing and HQ backstopping**

‘I consider that the posted staff is highly capable to transmit the information from the headquarters in [on the PD], however the experiences and lessons learned in other partner countries and with other cooperation agencies could constitute a valuable contribution to improve the performance of the local staff required by the PD agenda.’ *(Danish Embassy, Bolivia)*

‘Headquarters should provide more clear guidance on how the Embassies can participate [in experience-sharing] and should be readily available to be consulted and give feedback when barriers are encountered. This should be so as headquarters is able to facilitate the process of drawing lessons from other Embassies, which can be consolidated and shared across.’ *(Danish Embassy, Zambia)*

‘I think we need more time – many of the HQ people dealing with PD principles have relatively little field experience. I think experience is key in this regard. You cannot expect people who have never been faced with the disbursement pressure in a dysfunctional African administrative context to appreciate the occasional irrelevance of Paris and best practice...’ *(Danish Embassy, Zambia)*

‘Headquarters should assist in analysing the progression of PD in each country without trying to standardise but make it more country specific.’ *(Danish Embassy, Zambia)*

‘Coordination between UDV and Embassies is good. The dialogue between HQ and embassies on issues related to the Paris Agenda has improved in the last 2-3 years.’ *(Danish Embassy, Tanzania)*

‘The focus of the PD is still to a large extent on the bilateral government-to-government cooperation and less on cooperation with regional organisations and NGOs (including universities etc) – although a weak reference to the ‘donors’ commitment to align to the extent possible behind government-led strategies, or if that is not possible, donors should make maximum use of country, regional or non-government system’ is included in art. 39 of the PD. A lot of the cooperation carried out by the AFR/the Embassy in Pretoria at the regional level is carried out with regional organisations and NGOs. The Embassy finds that there is a need for the HQ to look into mechanisms/policies that will allow the Embassy to provide more core-funding and make use of basket funding, provide more predictable aid and make use of shared analysis in cooperation with others donors.’ *(Danish Embassy, South Africa)*

31) *The Danida Centre for Competence Development (DCCD) has a close collaboration with the Development Policy and KVA Departments of MFA. The DCCD is now part of the newly established MFA Competence Centre.*

‘It could be argued that at times HQ needs to show a larger degree of understanding and flexibility – if we really wish to allow for a strong government ownership many processes will take longer time. Thus the preparation process of new programs, approval and revisions of country programmes may take longer and may be delayed.’ (*Danish Embassy, South Africa*)

Since 2003, DCCD has also taken part in the OECD joint competence development that encourages staff from other development agencies to participate in courses and vice versa. E-learning is becoming more common as a learning tool, making it easier to offer follow-up courses for staff and to make tailor-made courses for specific groups. Typically, with the increasing emphasis on alignment there is a demand for public financial management courses, but other issues such as anti-corruption and cross-cutting issues are also addressed.

In spite of the efforts made to capacitate Embassy staff to tackle the challenges associated with the PD, the evaluation team noted a marked request from the Embassies for courses on how to apply the PD principles, for example joint procurement procedures, how best to handle basket funds, negotiation skills and financial management.

In connection with the Performance Reviews at Embassies, discussions are held between the programme and review team on the way forward on harmonisation and alignment. A full-day seminar is being conducted with an updated presentation of the PD principles, and a Harmonisation and Alignment Action Plan is developed by the Embassy with support from the review team.

### **5.3 Good knowledge and understanding of the Paris Declaration but still many unsettled operational issues**

The overall impression from the responses to the Embassy questionnaire is that levels of staff knowledge and understanding of the PD principles are very high both at HQ and at Embassy level. However, there is a strong demand for improving knowledge management and learning systems and processes. In general, Embassy personnel appear to be at ease with the requirements of the PD; this was reflected in the levels of clear articulation of major aspects of the PD and the operational implications and drawbacks faced.

There are also clear indications that the majority feel comfortable with the principles, and the perception is that they have sufficient knowledge and understanding of the PD at this stage of development. A lot of time has been spent during the last three years on key PD issues dealing with raising awareness and the provision of relevant information. In part, this knowledge gained can be attributed to the success of the training programmes undertaken by Danida, the help of the AMG, and in some instances the TAS missions that support the Embassy staff.

For some respondents, working with other partners had other major benefits in that whatever gaps there are in knowledge of the PD would often be compensated for by the more up-dated knowledge of others. For example, Sweden and the Netherlands were mentioned as being good at disseminating new information, new studies and new guidelines that can be used as an inspiration by all. This aspect is an important point in the

PD joint strategy guidelines that promote a process towards improved complementarities and division of labour between donors (noted in the Annual Performance Report 2006).

English must be used more than at present when HQ communicates with Embassies, as English is usually the official Embassy language when tasks are delegated, especially to local staff. For example, the Embassy in Bolivia receives a lot of enquiries from HQ, but many of these are formulated in Danish.

The importance of good documentation and dissemination of lessons learned when trying new approaches, for example delegated partnership, was pointed out by a number of staff. They advocate an approach that recognises flexibility and 'work as progress' without predicting all the aspects of increased joint implementation and alignment with country systems. They suggest that more internal learning, information exchange and personal coaching may help in building the capacity at an individual Embassy.

### **5.4 Human resource capacity a critical factor**

Human resource capacity for implementation of the PD has both a quantitative dimension (i.e. is there sufficient staff to cope with the tasks at hand?) and a qualitative dimension (does staff possess the right qualifications to deal with the PD?).

In most instances Embassy respondents found the number of staff inadequate compared to the tasks at hand. The key problem seems to be that harmonisation (and to some extent alignment) requires more involvement of Embassy staff than originally foreseen.

A limited number of respondents stated that the staffing levels currently makes it hard to allocate sufficient time to take part in the (sector) policy dialogue and to adequately familiarise themselves with the details of programme implementation. However, the majority of respondents just noted that the workload has increased markedly following the increased focus on alignment and harmonisation issues.

It was widely acknowledged, however, that the increased workload may well be transitory and linked to the current stage of implementing the PD. For example, in Tanzania, Mali and Zambia respondents suggested that staff numbers were inadequate because they were in a 'transition phase' where they currently have to phase-out certain sectors and take on additional responsibility for leading the policy agenda on the development partners' side in other sectors. This is in line with the argumentation by the MFA/Danida management, who is of the firm opinion that once the effect of the sector concentration is reaped, the workload associated with implementation of the PD will gradually become manageable. Hence, the AMG stresses that a sector programme should not comprise more than three components and that the number of sub-components for each component should not exceed three. Also KVA in its reviews has emphasized the importance of stronger focus through sector concentration. The same applies to the internal Programme Committee which repeatedly has warned the Embassies against lack of focus and concentration.

To ensure optimal use of human resources, Embassies may also want to reconsider the way in which local staff is being used e.g. by allocating more responsibility for implementation and policy dialogue to local staff. This may have implications for the type of staff recruited locally and for salary levels of local staff.

However, it was also pointed out by some Embassy respondents that the establishment of JASs tend to lead to 'giant' programmes that are complex and therefore time-consuming to administer. This tendency, together with the aim of becoming the lead donor within selected sectors in each programme country, was seen by a few as placing new demands on time and efforts and challenges for Embassy personnel. It was pointed out that prioritisation of Embassy resources is critical under these new circumstances.

Danida's Annual Report (2003) states that: '*...Danida operates with a lean professional staff and business-like procedures*'. The staffing level issue has recently been commented on by the OECD/DAC Peer Review (2007) which observed that Danida had reduced its administrative costs by 25% between the years 2001 and 2004 and went on to say:

*In the coming years, Danida will face a resource constraint: This decreasing trend in administrative resources raises the question of how far Danida can reduce its resources without negatively affecting quality and its ability to adapt to new aid modalities.*<sup>32</sup>

According to the Annual Performance Report (2006) staffing levels differ considerably across Embassies and do not always seem to be justified by differences in the size and complexity of the country programmes.<sup>33</sup> In part, to address this concern, instructions have been given to the Embassies to develop organisation manuals where overall coherence between sectors should be planned for and a clear division of labour between individuals and sections identified.<sup>34</sup> The Annual Performance Report (2006) notes, though, that '*while division of work between posted and local staff is good at some Embassies, there is a general need for updating the organisation manuals and/or job descriptions to reflect actual reporting and responsibilities*'.

As for the qualitative aspects of the human resource capacity to implement the PD, opinions among questionnaire respondents and interviewees vary considerably: While some Embassy and HQ staff voiced concern over the occasional shortage of technical staff, others tended to believe that the new aid agenda implies that the need for specialised (technical) staff is going down. In some cases Embassies expressed concern that generalists were taking over and that some of the staff being posted at Embassy level had limited previous experience with development work.

From the questionnaire survey and interviews, however, it appears that a number of additional factors such as the disbursement pressure, the emphasis in Danish development assistance on cross-cutting issues and the reporting requirements all tend to place a heavy workload on Embassies and add to the perceived problems of staffing levels. It is beyond the scope of this evaluation, however, to evaluate these issues.

A few at HQ remarked that the disbursement pressure is real and that in some instances the pressure to disburse is clearly stronger than that to pursue the PD principles. Matters were further complicated by the urge to pursue cross-cutting issues. The challenge is that there are still a lot of political directives that complicate the Embassy decision-making processes. It was noted by many that, at present, the Embassies have also to report on

32) See DCD/DAC/AR(2007)2/05/PART1/Final Review of the Development Co-operation Policies and Programmes of Denmark. DAC Main Findings and Recommendations. 19 June 2007.

33) Annual Performance Report 2006, p 40.

34) MFA: Annual Report 2006: Annual Performance Report. April 2007.

three cross-cutting issues, environment, gender and governance, as well as on HIV/AIDS and other issues. The reporting requirements on these issues are in addition to the PD activities and seem to place a considerable burden on Embassies which already feel that they have a heavy workload.

### **Comments on Paris and the resource situation of Embassies**

‘The number is adequate for addressing PD challenges, but inadequate for addressing MFA challenges (special reporting requirements, special instructions, urgent questions to be answered, and questionnaires to be filled out).’ *(Danish Embassy, Zambia)*

‘The number of staff is more or less right if we were out of the transition phase where we both have to phase out of certain sectors and then take on responsibility for leading the policy agenda on the development partners’ side.’ *(Danish Embassy, Tanzania)*

‘The immediate consequence [of the PD] is much more work in order to ensure better harmonisation among donors. The running of several harmonisation processes will steal resources from other tasks. Harvesting harmonisation fruits however is not immediate and often one or two years ahead in time, which means that often these fruits will be reaped by the next man in the job.’ *(Danish Embassy, Bolivia)*

‘However important and necessary it is, harmonisation is very time consuming. In Bamako the donors have just started the very important JAS-process, in the sectors in which Denmark has chosen to support Mali harmonisation and coordination are just at the starting level. And if Denmark wants to participate and be active – and of course we do and must – it has to be acknowledged that it requires sufficient resources to participate adequately. We do not have that yet... Harmonisation requires also a good deal of knowledge of how other donors, esp. some of the bigger multilaterals like WB and the EU operate, which also requires resources.’ *(Danish Embassy, Mali)*

‘Visibility in a public organisation like the Ministry of Foreign Affairs is a key factor for promotion. Unfortunately it provides little internal visibility being actively involved in a donor harmonisation effort in the country. The only way PD efforts is made visible is when returning staff members teach others practical lessons at headquarter training events and management has encouraged several staff members to do that.’ *(Danish Embassy, Bolivia)*

It was also noted by a few at HQ that Embassies often complain about all the reporting they have to do: Contribution to the annual report on progress of projects and programmes (called PPO), annual country programme assessment, reporting on business plan indicators (for each sector the Embassy has to select from existing indicators three representative indicators for measuring progress), sector assessments (in connection with reviews), financial reporting etc.

## 5.5 Changing roles for Embassy staff

The above observations are all the more relevant because a further set of issues mentioned by the majority involved not only the adequacy and competence levels to match the need to implement the PD, but also whether staff were the right combination of ‘experts’ to meet the needs of the country programme profile. In particular, the mix or complement of staff was seen by many as critical in the present phase of decentralisation and transition towards a more focused development cooperation based on the PD principles. Hence, striking the right balance between sector-specific knowledge and broader management and coordination skills remains a challenge for Danida.

Of significance here is the issues mentioned by a few at HQ that many technical sector specialists have left Danida (TAS), and the perception that economists, human rights and democracy experts have become more numerous at the expense of technical sector specialists, causing a shortage of expertise in some technical fields.

With time, Danida has become less involved in the implementation of programmes and projects and now requires a greater focus on policy development and negotiations at government level. Higher levels of interpersonal skills are required, especially those that are focused towards management of joint donor programmes and joint donor cooperation.

Many report that the PD has changed ways of operating and has had major implications for the role of the Embassy staff in a number of ways. The PD harmonisation and alignment agenda also means a greater share of budgetary aid delivered in support of programmes owned and managed by recipient governments.

First, in general the Embassies are becoming more actively involved in policy dialogue with the partners on a regular basis. Second, with the redefinition of the role of technical advisors to advisors only, and not so much programme or project managers/coordinators, the Embassies have become more and more involved in strategic implementation issues. Third, there is an awareness of the constraints on their capacity to support the PD.

### **Strategic entry points for gaining aid effectiveness in Danish development cooperation**

In light of the current international movement towards improving the effectiveness of aid, the Danish Embassy in Uganda commissioned in 2007 an internal review of the effectiveness of the Danish-Ugandan development cooperation. The overall objective of the review was to make way for an improvement of the quality and effectiveness of the Danish bilateral development cooperation with Uganda taking into consideration the framework of the Uganda Joint Assistance Strategy and the Paris Declaration. As a result of the review, the Embassy developed a number of strong recommendations for adjustments to strengthen the aid effectiveness of the cooperation. The recommendations were formulated within a number of pre-defined strategic entry points, which were defined to ensure direct applicability in the day-to-day management of the country programme. *(Danish Embassy, Uganda)*

The overall impression from discussions with HQ persons was one of high confidence in the fundamental objectives of the PD, but less so when it came to making them operational. There was a strong sense that many Embassy persons were not sufficiently skilled to take on these new roles as required. Some respondents argued that the human resource constraints of some Embassies further aggravates the situation by putting additional pressure on few, key members of staff. Some attributed this to increasing and changing demands made on the Embassy staff and found that skills required within the PD agenda were markedly different from those required in the past.

In general, the consensus indicates that the contemporary desk officer has to possess a combination of core expertise: *personnel and management skills, knowledge of public sector and public finance management issues and technical (sector-relevant) expertise*, for example:

### Comments on competency requirements vis-à-vis the PD

'PD is a new orientation or strategy in how to deliver aid, there should not be need for special staff, but competences will gradually shift towards macro economist rather than technical staff, which largely can be done by training and capacity development.' (*Danish Embassy, Zambia*)

'More and more MFA persons are being sent out without any knowledge about development issues. The lack of experience and thus confidence is a serious problem'. (*HQ interview*)

'There need to be more professional staff that are trained as health experts, education expert, economist etc.' (*Danish Embassy, Tanzania*)

'So far we are three at this Embassy dealing with development cooperation. The Water and Sanitation Councillor (also dealing with all the energy and climate questions), the deputy head of mission, and the Ambassador. All three are experienced staff. The question is not so much if we have sufficient knowledge but more if the resources/time are available.' (*Danish Embassy, Mali*)

'Generally speaking most staff at the Embassy has sufficient knowledge and understanding of the principles of the Paris Declaration to make them operational as a lot of time has been spent during the last 3 years these issues starting with cost norms and later preparing and implementing new programs and projects which aims at following the PD and Hanoi Core Statement.' (*Danish Embassy, Vietnam*)

### Personnel and management skills

- general management skills for management of joint donor programmes and joint donor cooperation
- negotiation and personnel skills
- results-based management.



**Public sector and financial management skills**

- budget formulation, audit and evaluation
- understanding of public sector management and financing issues to be able to assess capacity of recipient organisations.

**Technical (sector-relevant) expertise**

- understanding partner systems and how they work, especially regarding procurement systems
- knowledge about sector-relevant international good practice
- capacity development issues as they relate to institutions.

The role of the ambassadors has also changed since the decentralisation of the Embassies. Decentralisation has meant a greater need for good leadership and the ability of the leader(s) to guide the Embassy through various stages of PD developments and processes, to contain anxiety, and influence the organisational culture in a positive way throughout this process.

The most obvious effect so far of the PD appears to be the attention paid to institutional problems at national and sub-national levels. Several at HQ noted that this tendency is aggravated by the fact that many Embassies (and not only the Danish ones) are increasingly being manned by generalists without in-house sector-specific expertise. There were some harsh words for generalists. A suggestion was that many posted Embassy personnel lack sector knowledge and expertise. Being faced with the increased focus on policy dialogue this at times leads to situations where they give advice on sector-related matters they have very limited knowledge about. As a counter measure, a number of development partners are increasingly employing local staff that have considerable technical and sector expertise in responsible positions.

The decentralisation process combined with reductions in posted staff means that Denmark is also relying more on local staff for implementing programmes. Several Embassies commented that in general there are still challenges with regard to the use of local staff, particularly the need for more systematic competence development for local staff, as more and more devolved responsibilities for the PD are given to local staff. The findings suggest that there is still a need for the MFA/Danida to conduct more systematic assessments of the overall staffing of the Embassies compared to the actual tasks, and to strengthen the MRS process in this regard.

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## 6. Assessing Incentives and Results Management

Referring to the OECD-DAC 2006 Monitoring Survey, the ToR suggests that donors' incentive systems constitute a critical parameter for efficient donor behaviour. Hence the survey identified a number of obstacles that work against donors' ability to meet the commitments of the PD, including, among other things, inappropriate pressure for disbursements, lack of staff time flexibility, and high staff turnover. Combined, this is believed to create incentives that reward short-term benefits over long-term ones, and collective gains such as a reduction in transaction costs.

Further, the ToR state that at times donors' need for visibility and influence dominates over the commitment to harmonised approaches – a tendency that allegedly has been especially noted in intervention areas such as decentralisation, where development models are seen as 'export-vehicles' of different donor country systems. Similarly, experiences demonstrate that the same need for visibility limits effective delegation to other development partners – this even when donors are willing to harmonise and align – as illustrated by the proliferation of donor groups and donor group members. It seems that career prospects for donor staff may improve by the maintenance of individual donor profiles through active participation in donor coordination that works against reduced transaction costs.<sup>35</sup>

Challenges and issues concerning donor cooperation at the level of the individual partner country have been addressed in the previous chapters. Therefore, this chapter primarily treats aspects of the MFA/Danida incentive and performance management system in relation to how the Paris agenda affects the performance of the individual staff as perceived by the staff themselves.

It may be argued, however, that the incentives issue should be assessed from a wider perspective than that of the individual MFA/Danida professional. For instance, the results contracts between Embassy management and MFA/Danida senior management as well as the performance management system somehow serve as an incentive to pursue the aid effectiveness agenda. The same could be said about the Programme Committee's attention to H&A issues. However, in accordance with the ToR, the evaluation team has taken a more individualistic perspective on the incentive issue and focused more narrowly on how individual staff members are encouraged to chase the Paris agenda.

### 6.1 The MFA incentive framework and Paris

While the MFA HR Department and the DCCD deal with different aspects of staff development, the MFA/Danida management is in charge of promotions and selection of staff for international postings.

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

The evaluation team did not manage to identify anything in writing on MFA career pathways or the criteria used for staff assessment.<sup>35</sup> Indeed, several interviewees described the ministry's promotion practice and the criteria against which the staff are evaluated as opaque, with a flavour of luck. The MFA/Danida management, on its side, acknowledged that an ability to pursue the Paris principles is not a key factor when the individual employee is evaluated. However, it was mentioned that an ability to facilitate cooperation with other development partners and government institutions is one of several parameters against which the evaluation takes place.

The Embassy responses suggest that the practice at country level is somewhat different. Several ambassadors reported that although there are no incentives explicitly related to the PD, they closely and continuously supervise and coach the performance of each desk officer in relation to agreed actions, including the PD. It was argued that the attention paid to the implementation of the PD by the MFA/Danida Performance Management Framework has helped to put this on the performance agenda. However, a number of respondents stated that it would be useful if the Embassy management indicated more clearly how fulfilment of the aid effectiveness agenda relates to the other criteria used for assessing the personnel's performance.

Although it may occur, nobody reported a tendency to use participation in donor coordination as a means of improving career prospects for Embassy staff. On the contrary, the often massive amount of time spent on internal donor coordination is rather seen as a problem that takes away time from more important and exciting activities.

Two more issues were brought up in relation to the success criteria for MFA professional staff and the Paris agenda, viz.:

- Disbursement pressure vs. alignment, and
- The undefined limitation of the tolerance on fraud and mismanagement on the side of partner countries.

A rather significant number of respondents declared that from the perspective of the MFA/Danida, more attention is given to meeting the disbursement targets set in the annual results contracts than to fulfilment of alignment and harmonisation aspirations.

As regards the 'culture of zero mistakes', it was argued that it would be useful if the management communicated much more clearly about the extent to which Danida is willing to take risks. This is particularly relevant for various new forms of development assistance and broader agreements on sector support, which are not based on rigid programme and project documents.

36) *However, the Danida Organisational Manual outlines the responsibilities of posted staff, and guidelines are available on the minimum requirements to be fulfilled in order to qualify for posts abroad. Similarly, the MFA has elements of a staff evaluation system. None of these, however, contain information on career pathways and promotion criteria.*

## 6.2 Paris and the MFA incentive framework

The evaluation also took the opportunity to assess how the Embassies regard the results management system as a means of stimulating implementation of the PD. Hence, in the questionnaire, the Embassies were asked whether they found the annual performance contract between the Embassy and the MFA/Danida HQ relevant and useful for the implementation of the PD.

Most respondents found the performance contract relevant, as it includes targets related to the PD agenda and provides some focus. But several respondents (approx. one third) mentioned that the country programme is evenly useful. One Embassy, reflecting a mood resembling that of other Embassies, called attention to the fact that although the results contract is indeed relevant and does include various elements of the PD, *'the objectives set out by the MFA, to which the Embassy sets targets, are not necessarily the most relevant in the context of the specific country programme and the value as a driving force is limited. Hence, results and resources were not tied together in the negotiation of the performance contract for 2007 and only to a small degree in 2008. This makes it a bit difficult. For instance being a lead donor in one sector and working towards the goals of the Paris Declaration does not imply more resources available for that particular sector. The assumption is that this heavy responsibility is taken onboard without any expense to other areas of work. In practise this is not the case.'* (Danish Embassy, Zambia).

As regards the performance management system, there are different perceptions as to how useful it is to facilitate successful implementation of the PD. Several respondents pointed out that, as a reflection of the prevailing priorities of Danish development cooperation, the system pays relatively little attention to the Paris agenda vis-à-vis other Danish priorities. However, as pointed out by the KVA Department, the alignment and harmonisation issues are actually given considerably more attention in the performance management system than before, and integrated in the last years' results contracts for the Embassies. It should be mentioned, though, that while the performance management system pays quite a lot of attention to the issues of alignment and harmonisation, the evenly critical issues of ownership, managing for results and mutual accountability are by and large ignored.

### **Comments on the success criteria for Embassy staff and the inclusion of Paris-related parameters**

‘No they [the success criteria] are not clear. And they consequently do not include a focus on PD principles. However, most staff is aware and conscious of the importance of the PD principles.’ *(Danish Embassy, Zambia)*

‘It is necessary for management to communicate much clearer the willingness to take risks related to various new forms of development assistance and broader agreements on sector support not based on rigid LFA programme and project documents including possibilities for delegated cooperation and silent partnerships etc...’ *(Danish Embassy, Bolivia)*

‘Visibility in a public organisation like the Ministry of Foreign Affairs is a key factor for promotion. Unfortunately there is more internal visibility involved in participating in various ministerial workgroups, than there is being actively involved in a donor harmonisation effort in the country. The only way PD efforts is made visible is when returning staff members teach others practical lessons at headquarter training events and management has encouraged several staff members to do that.’ *(Danish Embassy, Bolivia)*

‘It is found that the success criteria are clear and unambiguous. Reference is here made to the process concerning definition of goals and results for 2008. But training on implementing the PD in practice is needed. However, it is important to emphasise that this is a partnership with the Government and in case the Government does not take on a strong leadership in the implementation the task is difficult for the Embassy staff members.’ *(Danish Embassy, South Africa)*

## 7. Conclusions and Recommendations

Reflecting the general tendency among donor organisations, not all the five Paris principles are given the same attention by the MFA/Danida. Harmonisation and alignment are clearly on the top of the agenda, whereas ownership, management for development results and mutual accountability – in that order – are less in the forefront. There are good reasons for that, as these areas are those where most uncertainly prevails as to what the Paris Declaration really means, and what the implications are for the individual development partners. As expected, initiatives that take place in the ‘machine room’, the practical things that can be done with procedures and rules and reporting (much of it on the donor side), and new ways of working together, have been given more attention by MFA/Danida than anything else.

The Paris Declaration is primarily about bilateral government-to-government cooperation; it does not contain much on regional cooperation and civil society (NGOs). This is problematic under circumstances where a substantial part of the support is channelled through NGOs and regional bodies, as is the case for instance in the RSA. Embassy expectations and priorities in terms of facilitating implementation and the meeting of strategic goals need to be tempered with the practical realities related to the operational context. There is a need to make sure that a common approach is adopted to the NGOs and their role vis-à-vis the PD principles.

Not surprisingly, the perception of what is being done and what could be done to implement the PD varies considerably according to where one is placed in the MFA/Danida system. In particular, the evaluation found a marked difference between the opinions of the Embassy staff and those at headquarter level responsible for system and policy development.

### **Leadership/commitment**

At the general level, the Danish Government is strongly advocating the aid effectiveness agenda. However, an examination of various Danida policy documents also leave the impression that although the Government wants to get ‘maximum development for money’, this does not entail an unconditional subscription to all elements of the Paris Declaration. Hence, pursuing the Danish defined priority themes and the call for results tend to be balanced against the desire to strengthen partner country leadership.

The present consensus on priorities and practice of Danish development cooperation extends to the majority of the political parties. This also concerns the ‘zero tolerance’ on fraud and mismanagement, as well as the practice of earmarking funds for prioritised themes and cross-cutting issues. Hence the criticism by the DAC Peer Review of Denmark for being too risk-adverse is not likely to have an immediate effect on the choice of aid modalities in the immediate future. As regards aid modalities, it is anticipated that the current (restricted) practice regarding the use of GBS will continue, while the use of sector budget support and basket funds is likely to increase.

Also within the MFA/Danida there is an unquestionable support to the objectives of the Paris Declaration. Hence there prevails an incontrovertible agreement among the interviewed MFA personnel and the Embassy respondents that the set of tools proposed by the Paris Declaration constitute relevant and useful mechanisms for improving the effectiveness and sustainability of aid. A major effort has been made to adjust not only new

but also existing programmes to the aid effectiveness agenda, but the circumstances under which this happens differ considerably between the countries. Weak governments or lack of interest in the PD are among the factors impeding progress on harmonisation and alignment.

A potential conflict was observed regarding the objective to strengthen national ownership and execute programme activities through national structure, and the desire to achieve the MDGs. A representative for the MFA/Danida management expressed the view that when dysfunction of a partner organisation prevents an acceptable achievement of results, it should be contemplated whether it makes sense at all to continue the collaboration, regardless of the consequences for the MDGs.

Some of the Embassies facing this problem have suggested that there is a tendency among the donor HQs to push the Paris agenda too hard, underestimating how long it actually takes to build up the necessary capacity of the partner organisations to assume full responsibility for implementation of the often quire complex sector reform programmes.

The Danida Aid Management Guidelines (AMG) is the translation of the aid effectiveness agenda into practical implementation-oriented procedures and instructions. The vast majority of respondents found the Guidelines clear and very instructive. Some respondents, mainly from Embassies, found that in the future the principle of 'flexibility' will need to be reinforced and asked for the emergence of a 'second generation' AMG strategy that focuses more on applications or operational processes and creation of new knowledge gained from context and management based on autonomy and self-organisation at the Embassies. It is the team's assessment that the AMG well reflect the principles of the Paris Declaration and serve the intended purpose as a fallback position for those involved in the planning and implementation of Danish development assistance.

Internal MFA/Danida performance reviews confirm some of the challenges of Danish development cooperation with respect to fulfilment of the indicators in the Paris declaration, which were highlighted by the OECD-DAC 2006 Monitoring Survey. Examples include the reluctance to rely on national financial management systems, insufficient reflection of Danish assistance in national budgets, lack of pooling of international technical assistance and continued use of separate Danida monitoring and reporting structures. It was also noted that the Embassies have agreed to take steps to overcome these deficiencies.

Several Embassies acknowledged that the high number of special Danish cross-cutting and priority areas and the practice of targeting of funds for specific issues tend to jeopardise country ownership/leadership and the alignment to partner country policies and strategies. In the response, the MFA/Danida management expressed that in reality no such conflict exists. It was argued that it is largely a matter of clever planning to ensure that these areas and issues are properly mainstreamed and integrated into existing programme activities.

Whereas the focus on harmonisation and alignment may have reduced the transaction costs for the partner governments, this is definitely not yet the case for development partners such as Danida. All Embassies reported that the workload has gone up substantially in the wake of the PD. The MFA/Danida management has however suggested that once the full effect of the JASs and the corresponding donor concentration is seen, the workload of the Embassies will be reduced, and the resource problems diminished.

### Recommendations

- The MFA/Danida management should more clearly indicate how the potential dilemma between the objective of aligning to national policies and systems, and the evenly important desire to achieve the MDGs should be addressed under circumstances of inadequately functioning government structures. This will probably require increased attention to initiatives aimed at strengthening the capacity of partner organisations, especially in the fields of planning and management.
- The MFA/Danida HQ should provide more guidance on to the Embassies on how the thematic and cross-cutting issues prioritised by Danish development cooperation are most adequately addressed vis-à-vis partner country policies and strategies with a view to enhance mainstreaming of these issues.
- It should be contemplated to shorten and simplify the AMG, especially the guidelines on programme management, in view of the new aid realities. Furthermore, it should be contemplated to provide specific examples on how to address challenges posed by implementation of the PD at the AMG website as part of the toolbox for aid effectiveness.
- More attention should be paid to alignment of Danish development assistance to partner country systems and procedures, *inter alia* through an increased use of existing public financial management systems and through reflection of Danish aid in the national budgets. Presumably, this will require increased investment in capacity building of partner organisations, especially in the field of planning and financial management. However, a change of the mindset of some Danida administrative staff may also be needed.
- Monitoring and reporting routines should be synchronised with those of the partner country and other development partners to the highest extent possible. This will entail that Danida sector programmes rely more on indicators prepared as part of national programmes and strategies and the reporting routines of these.
- Danida should intensify its efforts to pool its technical assistance with that of other development partners without compromising the quality of Danish development assistance. Furthermore, in order to enhance partner country ownership, these should be allowed more influence on defining the nature and extent of Danish-funded technical assistance.
- The experience obtained from the intensified harmonisation and division of labour with other development partners should be mapped and used as a basis for a dialogue with other development partners at HQ level on how to improve the harmonisation thrust. This may include an assessment of the position of the non-like-minded donors, who often demonstrate a different view of the Paris agenda.
- The MFA/Danida should, when monitoring the Embassies' performance, pay more attention to the issues of 'mutual accountability' and 'management for results'.
- Cross-cutting issues should be given more attention as an integrated element of the Paris agenda.

### Capacity challenges

In some important respects, capacity building efforts have generated good knowledge and awareness of the PD principles. PD issues are, in the main, adequately and clearly communicated to Embassy staff, but more needs to be done to relate to operational issues faced in the countries.



The Embassies reported that they find the present degree of autonomy sufficient to allow for an adequate and prompt response to the challenges caused by the thrust towards enhanced alignment and harmonisation. But a considerable number of respondents called for more backstopping and coaching by the HQ and more attention to experience-sharing among Embassies. Although a lot is already done in this respect, the reaction by the Embassies indicates that the demand goes beyond what is presently available.

Implementation of the PD is still in its early days; however, a marked need was expressed to capture practical experience and present good examples (such as case studies) of how this is being done and lessons learned, especially when Embassies are increasingly seeking to enhance the practical applications of the PD. To do this, one of the main tasks will be to monitor and evaluate the PD implementation so that a resource of evidence is built up and lessons drawn. This will gradually lead to reporting on development outcomes and impacts rather than expectations of theory. Thus, as more and more evidence becomes available, the guidelines and training would become more practical-oriented with contributions from the field.

Generally the evidence drawn from the questionnaires and interviews is clear enough: In nearly all instances the Embassies reported that the workload has increased following the stonger emphasis on alignment and harmonisation, which, it was felt, has stretched the capacity of the staff to its limits. The Paris Declaration has changed the daily life of personnel at the Embassies, and approaches embedded in the PD place new, particular and difficult demands on Embassy officials. For instance, with the increased attention to policy dialogue, the need for persons with sector-specific knowledge was by some highlighted as a vital requirement. A number of key areas of expertise were noted, and future postings should take account of both the required expertise and also the combinations of staff at each Embassy based on the country programmes. The importance of a continuous updating of the organisation manuals at the Embassies was noted.

### Recommendations

- The alignment and harmonisation-related backstopping to Embassies as well as experience-sharing across Embassies should be intensified. This may take the form of for instance regional workshops, use of blogs or exchange visits.
- The MFA/Danida should pay more attention to providing for experiential learning at Embassy level. A first requirement should be to learn more from the Embassies – through setting up a platform for sharing information (for example e-learning and ‘chat’ pages) based on country context and experience of operationalising the PD.
- When staff is recruited (both posted and local) care should be taken to try and match expertise to context and available posts. As an alternative, in cases where particular expertise cannot be found, it should be considered to buy in expertise.
- The impact of the increased attention to alignment and harmonisation issues on the workload of Embassy personnel should be continuously assessed in order to better comprehend the long-term effect on transaction costs of implementation of the PD.
- It should be considered to assign local staff more responsibility for policy dialogue and implementation of Danish development cooperation as a means to reduce the workload of posted staff. This may require that local staff is offered more competitive salaries, as pointed out by the Annual Performance Review 2006 (p. 40).
- Allowances should be made for local staff by taking care to use English when HQ communicates with Embassies.

### **Incentives and results management**

Staff performance and career pathways were found to be sensitive issues. The suggested reason is insufficiently defined performance assessment criteria and thus career paths, particularly concerning fulfilment of the Paris principles. Many stated that ability to meet stated disbursement targets is valued higher than demonstrating tangible results in areas of capacity building and alignment. This confirms the impression that although considered important by the MFA/Danida management, fulfilment of the Paris principles is only one of the parameters against which the personnel's performance is being evaluated.

As regards the performance management framework, several respondents pointed out that, as a reflection of the prevailing priorities of Danish development cooperation, it pays relatively little attention to the Paris agenda vis-à-vis other Danish priorities. On the other hand, the AMG and other instruments such as the annual Country Programme Assessments and the Performance Reviews all include H&A issues. Moreover, as pointed out by the KVA Department, the alignment and harmonisation issues are actually paid considerably more attention in the 2007 results contracts than before.

### **Recommendations**

- The MFA should define more clearly and in a transparent manner the career pathways and staff assessment practices, and these should include parameters related to the aid effectiveness agenda.
- The Performance Management System should be further elaborated on to address issues related to 'mutual accountability' and 'management for results'.
- The results contracts between the MFA/Danida HQ and the Embassies should be accompanied by clearly defined performance targets for each staff, national and posted. The targets should include variables related to implementation of the PD.



## PARIS DECLARATION ON AID EFFECTIVENESS

### Ownership, Harmonisation, Alignment, Results and Mutual Accountability

#### I. Statement of Resolve

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

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

#### Scale up for more effective aid

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

- i. Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).
- ii. Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.
- iii. Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.
- iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.
- v. Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.
- vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.

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

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

- ii. Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.
- iii. Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.
- iv. Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.
- v. Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.

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

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

### **Adapt and apply to differing country situations**

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

### **Specify indicators, timetable and targets**

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

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

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

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

### **Monitor and evaluate implementation**

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

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

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

## **II. Partnership Commitments**

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

### **OWNERSHIP**

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

14. **Partner countries** commit to:

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

15. **Donors** commit to:

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

<sup>2</sup> The term 'national development strategies' includes poverty reduction and similar overarching strategies as well as sector and thematic strategies.

## ALIGNMENT

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

#### Donors align with partners' strategies

16. **Donors** commit to:

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

#### Donors use strengthened country systems

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

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

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

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

20. **Partner countries** commit to:

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

21. **Donors** commit to:

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

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<sup>3</sup> This includes for example the Annual Progress Review of the Poverty Reduction Strategies (APR).

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

### **Partner countries strengthen development capacity with support from donors**

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

23. **Partner countries** commit to:

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

24. **Donors** commit to:

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

### **Strengthen public financial management capacity**

25. **Partner countries** commit to:

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

26. **Donors** commit to:

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

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

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

### **Strengthen national procurement systems**

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

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

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

29. **Partner countries** commit to take leadership and implement the procurement reform process.
30. **Donors** commit to:
- Progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes (**Indicator 5**).
  - Adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

### **Untie aid: getting better value for money**

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

## **HARMONISATION**

### **Donors' actions are more harmonised, transparent and collectively effective**

#### **Donors implement common arrangements and simplify procedures**

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

#### **Complementarity: more effective division of labour**

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

34. **Partner countries** commit to:
- Provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level.
35. **Donors** commit to:
- Make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks.
  - Work together to harmonise separate procedures.

#### **Incentives for collaborative behaviour**

36. **Donors** and **partner countries** jointly commit to:
- Reform procedures and strengthen incentives—including for recruitment, appraisal and training—for management and staff to work towards harmonisation, alignment and results.



44. **Partner countries** commit to:
- Strengthen the linkages between national development strategies and annual and multi-annual budget processes.
  - Endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available (**Indicator 11**).
45. **Donors** commit to:
- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
  - Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
  - Harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.
46. **Partner countries** and **donors** jointly commit to:
- Work together in a participatory approach to strengthen country capacities and demand for results based management.

## **MUTUAL ACCOUNTABILITY**

### **Donors and partners are accountable for development results**

47. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.
48. **Partner countries** commit to:
- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
  - Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.
49. **Donors** commit to:
- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.
50. **Partner countries** and **donors** commit to:
- Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments. (**Indicator 12**).

### III. Indicators of Progress

To be measured nationally and monitored internationally

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

## ANNEX 1: THE PARIS DECLARATION

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

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

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

## Appendix A: Methodological Notes on the Indicators of Progress

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

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

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

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

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

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

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

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

## APPENDIX B: List of Participating Countries and Organisations

### Participating Countries

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

\* To be confirmed.

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

### Participating Organisations

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

### Civil Society Organisations

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

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# Annex 2: Terms of Reference

## Evaluation of Implementation at Headquarter Level of the Paris Declaration

### Case study Denmark

#### Terms of Reference

Evaluation Department  
Ministry of Foreign Affairs/Danida

*28 August, 2007*

## 1. Introduction

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

In response to this commitment, the OECD DAC Network on Development Evaluation (EVALNET) explored possible approaches to an evaluation. The proposed evaluation received strong support from the OECD DAC Working Party on Aid Effectiveness (WP-EFF) and EVALNET. Early 2007, an international Reference Group was established, comprising partner country members of the WP-EFF, members of EVALNET and representatives of civil society, to commission and oversee the evaluation.<sup>37</sup>

These Terms of Reference cover the evaluation of the implementation of the Paris Declaration commissioned by the Danish Ministry of Foreign Affairs at headquarter level. This evaluation is part of a series of 'headquarter level' evaluations implemented by donors and development agencies, which take place in the context of the wider, cross-country evaluation of the implementation of the Paris Declaration.

37) *A Management Group was established to handle the day-to-day management of the evaluation with a small secretariat located in the Danish Institute for International Studies. Information about the evaluation can be found at [www.oecd.org/dac/evaluationnetwork](http://www.oecd.org/dac/evaluationnetwork) (click Paris Declaration).*

## 2. Background, rationale and purpose of the overall evaluation

### *Background*

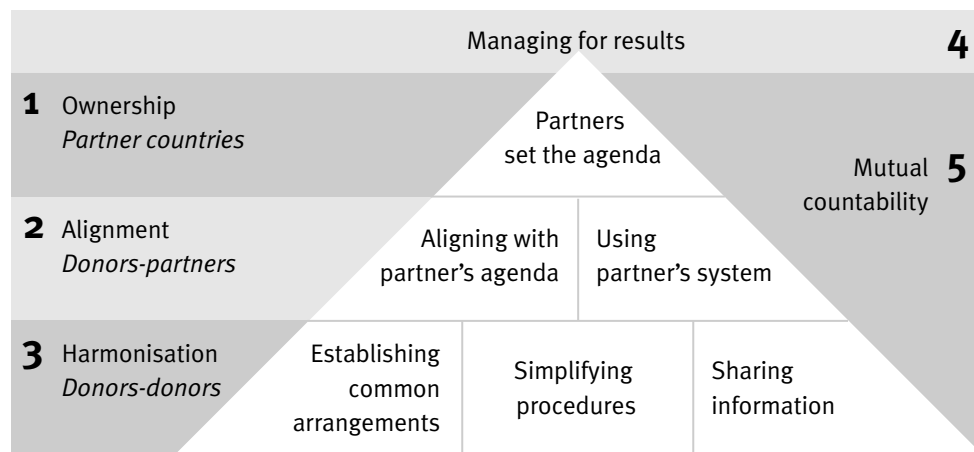
The Paris Declaration on Aid Effectiveness<sup>38</sup> poses an important challenge to the world of development cooperation in general and to the field of development evaluation. Compared with previous joint statements on aid harmonisation and alignment, it provides a practical, action-oriented roadmap with specific targets to be met by 2010 and definite review points in the years between. Furthermore, the number of countries and international organisations who participate in the High Level Forum (HLF) which guides the implementation of the Paris Declaration and have put their signature to the joint commitments contained in the Declaration is unprecedented.<sup>39</sup>

The Paris Declaration is built around five key concepts:

1. *Ownership*: Developing countries exercise leadership over their development policies and plans.
2. *Alignment*: Donors<sup>40</sup> base their support on developing countries' policies, strategies and systems.
3. *Harmonisation*: Donors coordinate their activities and minimise the cost of delivering aid.
4. *Managing for results*: Developing countries and donors orient their activities to achieve the desired results.
5. *Mutual accountability*: Donors and developing countries are accountable to each other for progress in managing aid better and in achieving development results.

**Figure 1: The Paris Declaration concepts**

**Figure 1.1: The aid effectiveness pyramid**



38) High Level Forum, Paris Declaration on Aid Effectiveness, Paris, 2 March 2005. For the full text, see: [www.oecd.org/dataoecd/11/41/34428351.pdf](http://www.oecd.org/dataoecd/11/41/34428351.pdf)

39) This reflects a progressive widening of the range of voices included in major meetings convened by the OECD DAC.

40) The term donor in these Terms of Reference denotes development partners i.e. donors and development agencies.

The way in which these concepts relate to each other is visualised in Figure 1.<sup>41</sup>

The Paris Declaration expresses a shared view on at least the basics of how some central institutional variables fit together, and why they are important. It draws together international thinking on some of the core topics of concern to both sides of the official international aid relationship. The Declaration conveys a simple but important message: aid will be more effective if the actions and behavioural changes listed as commitments under the five headings are undertaken, and less if they are not. Moreover, development results are considered to depend to a significant extent on the same variables.

Underneath the consensus on these central propositions, there exist however important differences of interpretation and emphasis. This reflects several factors. First, there are some unexpressed but generally recognised disagreements about how the variables Ownership, Alignment, etc. relate to each other. There is not a single, universally accepted view on these matters. This especially, as some of the underlying assumptions<sup>42</sup> of the Paris Declaration are increasingly being questioned as the implementation process proceeds. Second, these views are, in the main, practical axioms that form part of the current world-view of particular agencies; they are based on experience, but not strongly rooted in a body of systematic evidence. Thirdly and most importantly, the “programme theory” or set of hypotheses that give the Declaration its logic has not been fully articulated.

### *Rationale*

The evaluation is explicitly set up to complement the monitoring of the implementation of the Paris Declaration, including the Medium Term Monitoring Plan, which has advanced through the Joint Venture on Monitoring, by deepening the understanding of the lessons emerging from the Paris Declaration surveys.<sup>43</sup> The surveys are rightly focused on whether partners are actually fulfilling their commitments measured across the 12 indicators and how the implementation is progressing – and only to a limited extent raise more fundamental questions related to why some of the changes are occurring, or why not. Also, the surveys are not designed with the attempt to measure whether the process actually leads to increased effectiveness and whether there are unintended effects of the processes of change set in motion.

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

41) *Mutual accountability is not reflected in this figure but is an important aspect. increased aid effectiveness will indeed lead to enhanced development results.*

42) *E.g. that the steps suggested in the Paris Declaration will lead to improved aid effectiveness and that increased aid effectiveness will indeed lead to enhanced development results.*

43) *OECD, The 2006 Survey on Monitoring the Paris Declaration, OECD, 9 May 2007.*



*Purpose*

The purpose of the overall evaluation is to provide information about the effects of the steps taken in order to increase aid effectiveness which in the longer term is expected to result in improved development effectiveness in the partner countries.

Some of the more specific questions which the overall evaluation should help answer are:

- Why are some actions and commitments included in the Paris Declaration implemented, while others are not?
- What is the theory of change underpinning the Paris Declaration?
- What are the successes of the Paris Declaration (examples of obstacles overcome)?
- Does the Paris Declaration process lead to any unintended (negative or positive) effects?
- Does the Paris Declaration process lead to more effective aid?

### **3. Design of the overall evaluation**

The overall evaluation will be conducted in two successive phases: The first phase (2007-2008) will mainly address input and (to the extent possible) output levels, through a series of partner country, donor headquarters, and thematic evaluations. The second phase of the evaluation (2008-2010) will address outcome and impact levels.

The architecture of the *first phase* of the evaluation will comprise:

- a. *Country level evaluations:* The sampling frame for the country level evaluations is a self-selection of partner countries willing to conduct such studies.
- b. *Donor headquarter evaluations:* Similarly to the sampling of country cases, there is a self-selection process of donors willing to undertake a donor headquarter level evaluation.
- c. *Thematic studies:* The Reference and Management Groups may initiate special thematic studies to supplement the country level and donor evaluations. Thematic studies should primarily be based on existing documentation and could focus on topics such as the links between aid effectiveness and development effectiveness; technical cooperation; untying of aid; fragile states; civil society or cross-cutting issues.
- d. *A synthesis report,* based on the results of a, b, and c, and other completed and ongoing donor/joint evaluations that focus on aspects of the Paris Declaration agenda.

The overall evaluation will be carried out in two phases with the first phase running from March 2007 to July 2008. It will provide information on the “how’s and why’s” of the implementation process of the Paris Declaration, deliver practical lessons learned and help take stock of implementation performance at the 3rd High-Level Forum (HLF) on Aid Effectiveness to be held in Ghana (September 2008). Efforts will be made to identify “emerging results” and effects of the implementation of the Paris Declaration. The second phase of the evaluation will run from the HLF in Ghana in 2008 and up to the 4th HLF in 2010. This phase will particularly focus on whether the intended, long-term effects of the Paris Declaration are being achieved.

#### 4. Purpose and objectives of the Danish headquarter evaluation

Denmark is an active partner in the implementation of the overall evaluation of the Paris Declaration through the funding of the secretariat, but will also – through the Evaluation Department of the Danish Ministry of Foreign Affairs – ensure that a Danish headquarter evaluation is undertaken.<sup>44</sup>

The central argument for evaluating the follow-up to the Paris Declaration at the level of individual donor agencies is that various donors appear to be interpreting and implementing the Paris Declaration commitments in different ways. An evaluation allows investigating and discussing the reasons behind this differentiation. Furthermore, the evaluation can address the learning needs at donor headquarters, in this case, the Danish Ministry of Foreign Affairs, on how to improve the implementation of the Paris Declaration commitments.

The specific purpose of the evaluation is to assess what constitutes the practice at the headquarter level of the Danish Ministry of Foreign Affairs in implementing the Paris Declaration commitments in order to contribute to increased aid effectiveness. The emphasis will be on learning, by asking the twin questions: are we doing the right things and are we doing things right?

The objectives of the headquarter evaluation are:

- iv. To provide an insight in the ways in which the Paris Declaration is being interpreted at HQ level, how it is being implemented and to assess how the underlying assumptions of the Declaration are dealt with in the implementation process.
- v. To inform the synthesis study which is to be compiled at the end of phase one of the overall evaluation of the Paris Declaration for presentation at the HLF in Accra in September 2008.
- vi. To provide information and if appropriate suggestions on how Danida/Ministry of Foreign Affairs can facilitate more effective and efficient implementation of the Paris Declaration.

The fact that management of Danish development cooperation has been to a large extent decentralised has various implications for the implementation of the Paris Declaration and will therefore be given attention in the evaluation. At the same time EVAL is considering to initiate a special evaluation of the decentralisation efforts.

An important purpose of the evaluation is to inform the synthesis study to be prepared for the overall evaluation, but the evaluation will also seek to deliver specific lessons that can be used more or less immediately by the Danish Ministry of Foreign Affairs in its implementation of the Paris Declaration. The report on the Danish case will become available as an annex to the Synthesis Report, which will be submitted to the HLF for its meeting in 2008, and in the form of a separate report to be published by the Evaluation Department of the Danish Ministry of Foreign Affairs.

44) *This evaluation will be shaped in a similar way as the other donor and agency headquarter evaluations. Partner country-level evaluations will be undertaken by Bangladesh, Bolivia, Mali, Philippines, Senegal, South Africa, Sri Lanka, Uganda, Vietnam, and Zambia of which only Philippines, Senegal, Sri Lanka and South Africa are not Danish programme countries. Although South Africa is not a Danish programme country, there is considerable cooperation with the country.*

The Danish HQ evaluation is therefore supposed to result in two major products: (i) an evaluation report focussing on the Danish contribution to the implementation of the Paris Declaration at head-quarter level (input into the synthesis report for the first phase of the overall evaluation), and (ii) a report/note summarising the specific lessons that can be used by the Ministry of Foreign Affairs to further advance the adjustment to the principles of the Paris Declaration. The latter will be finalised once the other HQ evaluations and country evaluations are available.

## 5. Scope, focus and limitations of the Evaluation

Since the endorsement of the Paris Declaration in March 2005, the Danish Ministry of Foreign Affairs has made an effort to implement its principles within the organisation of its development cooperation with partner countries. In fact, already some of the elements of the Paris Declaration have been incorporated in Danish development cooperation policy for some years prior to the endorsement of the Paris Declaration. For instance, the policy document *A World of Difference (June 2003)* makes reference to the UN Summit in Monterrey and the chapter on “Effectiveness and Focus in a changed world” is clearly inspired by the discussions leading to the Rome Declaration on Harmonisation (2003).<sup>45</sup>

The decentralisation of the management of Danish development assistance from Head-quarter to the Danish embassies/representations which was initiated already in 2003 was also motivated by a wish to improve flexibility in Danish development cooperation and enable embassies to engage more effectively in increased harmonisation and alignment.

A survey conducted by the Joint Venture on Monitoring the Paris Declaration in 2006<sup>46</sup> on the implementation of the Paris Declaration summarizing the baseline findings, as well as different studies recording country-specific implementation experiences, highlights that these corporate commitments are not always matched by donor practices.

Three explanatory dimensions were identified as important contributors to donor behaviour:

- a) commitment
- b) capacity and
- c) incentive systems in terms of their alignment to the Paris Declaration.

The three dimensions can also be seen as drivers in the implementation of the Paris Declaration.

### *Scope*

Analysis of Danish efforts related to the three dimensions – commitment, capacity development and incentive systems – will constitute the main scope of the evaluation.

45) *The Rome Declaration can be considered as the precursor of the Paris Declaration.*

46) *Aid Effectiveness: 2006 Survey on Monitoring the Paris Declaration – Overview of the Results (OECD, 2007).*

### *a) Commitment*

The Paris Declaration calls for a radically new way of delivering aid. Country strategies are no longer to be formulated by individual donors. Instead, with the emphasis on country ownership, donors' co-operation strategies are to be guided by partner government needs-based demands in an aligned and harmonised manner. This may explain why the Survey Report, in line with good practices for institutional reform, has political will and leadership as the most important factor for ensuring commitment to (and compliance with) the Paris Declaration objectives. However, the manner in which effective leadership is to be enacted is less clear, as the emphasis on demand-driven development cooperation challenges the current reality of HQ policies, programmes, *and* procedures being driven by donor administrative and political concerns.<sup>47</sup>

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

Further, other than the donor/partner country schism, a disconnect between headquarter policies and in-country practices has been noted. For some donors it may be the case that the Paris Declaration is owned by policy staff at headquarters with country level staff seeing harmonisation tasks as getting in the way of efforts to achieve tangible development results. For other (typically project-oriented) donors, the picture is the reverse, with country level staff experiencing difficulties in engaging in collaborative efforts due to legal liability and the financial control concerns of their headquarters. Indeed, in some instances the legal liability concerns of donor headquarters have led to (initial) low commitments to the Paris Declaration at field level. This is why the Survey Report recommends that donor agencies make an effort to review procedural and legal frameworks so that the rules, procedures, or practices, which work against the Paris Declaration commitments, can be identified.<sup>48</sup>

The highly decentralised nature of the management of Danish development assistance constitutes a special challenge in this connection, implying that implementation of the Paris Declaration requires full commitment at both headquarter and embassy level. The internal Programme Committee established in Danida constitutes a possible means of promoting coherence between HQ-level policies and actual implementation in the field.

Hence, the evaluation should establish the extent to which there is commitment to the objectives and principles of the Paris Declaration among politicians, MoF senior management, and the staff of Danida involved in implementation of the Declaration.

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

48) *Survey Report (Draft Report, 20 March 2007) p. 46.*

In relation to this question, the evaluation is expected to focus on, inter alia, the following:

- General support to the effectiveness and efficiency concerns of the Paris Declaration
- The importance of flagging particular Danish views and interests
- Risk willingness.

*b) Capacity and capacity building*

Also within donor agencies, whether at head quarter or at field level, uneven commitment to the Paris Declaration roll-out may be found, demonstrating that leadership on Paris Declaration commitments reflects first and foremost the commitment/ownership of individual members of staff as well as uneven capacities between different staff employed by the same donor. Indeed, individual donor representations might represent very different approaches to the Paris Declaration. As a consequence, donors and National Coordinators alike have called for more effective communication on the issues of the Paris Declaration between headquarter policy advisers and operation staff; this especially in countries where the aid effectiveness agenda has been launched only recently.

The decentralisation of the management of Danish development cooperation has aimed at making Danish development cooperation more responsive to local needs and create more space for embassies to engage in a dialogue with governments, non-state actors and development partners in the country concerned concerning future development cooperation. At the same time, policies and guidelines for Danish development cooperation (reference is made to [www.amg.dk/en](http://www.amg.dk/en)) are quite extensive posing a challenge to embassies in maintaining a balance between the local/national context and demands from HQ-level.

In some cases the deconcentration of authority to embassy or field office level may be inadequate to allow for an adequate response to the Paris Declaration commitments. For instance, among many donors decisions concerning the granting of general budget support tend to be heavily centralized at head quarters. This often limits the insight of field offices regarding the predictability and timing of aid disbursements. To the extent possible, the evaluation should explore the extent to which such types of constraints are experienced in the administration of Danish development cooperation.

Linked to the issue of de-concentration is the issue of transaction costs and questions of resource allocation and resource use. The Survey Report stresses that more effective aid is not necessarily aid delivered cheaply. Indeed, according to the World Bank, preparation of coordinated multi-donor programmes typically requires 15-20 per cent more staff and budget resources than traditional stand-alone projects. These costs constitute an up-front investment in doing business in accordance with the Paris Declaration (assuming that coordinated aid is more effective) and should be factored into operational budgets and allocation of staff time. Many partner countries are also concerned about the costs of delivering aid, and whether it is effectively reaching the intended target groups (poor people, women, youth etc.) it is intended rather than being spent on the donor's administrative costs – this is a legitimate concern, which must be examined.<sup>49</sup>

49) *Similar concerns exist concerning the use of funds on partner countries' own administrative costs.*

Hence, the evaluation should establish the extent to which HQ systems and, to a limited, embassy level systems and structures, are sufficiently equipped in terms of capacities to respond positively to the principles and targets of the Paris Declaration. In addressing capacity building aspects, the evaluation is expected to focus on, inter alia, the following:

- Process-level capacity issues
- Human resource capacity considerations
- Structural challenges
- Financial resource constraints
- Policy focus.

### *c) Incentive systems*

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

Further, the donors need for visibility and influence takes at times precedence over the commitment to harmonised approaches – a tendency, which has been especially noted in intervention areas such as decentralisation where development models are seen as 'export-vehicles' of different donor systems. Similarly, experiences demonstrate that the same need for visibility limits effective delegation – this even when donors are willing to harmonise and align – as illustrated by the proliferation of donor groups and donor group members. It seems that career prospects for donor staff are improved by the maintenance of individual donor profiles through active participation in donor coordination. Such incentives may result in permanently high transaction costs.<sup>50</sup>

Hence, the evaluation should establish the extent the incentive and career systems of MoF (Danida) are conducive to implementation of the principles of the Paris Declaration.

### *Focus and limitations*

The Danish head quarter level evaluation will focus on policies, guidelines, instructions, training etc. from the Danish Ministry of Foreign Affairs to embassies and other units responsible for preparation, planning and implementation of development cooperation. Such policies, guidelines and aid delivery systems constitute an input to the development process in partner countries. At the same time, however, changes in development partner policies and guidelines following the agreement on the Paris declaration may also have come about as a result of the agency's commitment to the Paris Declaration and as such could be seen as related to the *outcome level* of the evaluation of the implementation of the Paris declaration. In the Danish headquarter evaluation special emphasis will be on the assessment of the three dimensions: commitment, capacity building and incentive systems, which are central to the Paris Declaration commitments.

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

- To what extent does the Danish domestic political agenda influence possibilities for implementing the Paris declaration? To what extent are new priorities for Danish development cooperation on an annual basis compatible with the vision and implementation of the Paris Declaration?
- To what extent has the decentralisation of Danish development cooperation influenced the implementation of the Paris declaration?
- Are Danish actors content that they are fulfilling their Paris Declaration commitments including the implementation of the DAC Principles for Good Engagement in Fragile States? If they have concerns, what are the reasons for these? Are the concerns linked to the relevance and coherence of the Paris Declaration's commitments and indicators? Are there ways in which these might be overcome?

#### *Assessing capacity*

- What is the level of staff knowledge and understanding of the principles of the Paris Declaration and their operational implications (at headquarters and at embassy level)?<sup>53</sup>
- Have specific instructions, guidelines, operational directives and evaluation criteria been disseminated to staff to stimulate implementation of the Paris Declaration? Is there a separate implementation plan at corporate and/or embassy level?
- How is delegated authority structured, and why? Have there been any changes to procedures to meet Paris Declaration commitments? Is the development co-operation organisation sufficiently decentralised (staff, resources, delegation of authority) to address field-based aid management in line with the Paris Declaration?
- Are guidelines for implementation of the Paris declaration in Danish development cooperation considered clear and unambiguous by staff at decentralised levels? Are they backed by a) adequate staffing at decentralised levels and b) adequate and sufficient competence development for both posted and local staff on key aspects such as how to support ownership, implement alignment and harmonisation in practice etc?

#### *Assessing incentive systems*

- Are there specific incentives provided by the Danish Ministry of Foreign Affairs – e.g. for recruitment, performance assessment and training – for management and staff to comply with the Paris Declaration objectives of ownership, harmonisation, alignment and results orientation?
- Are there any perceived disincentives (e.g. transaction costs), in respect of other agency priorities?
- To what extent are key tools such as Annual Performance Contracts between HQ and embassies used to support implementation of the Paris Declaration?

53) *At Embassy level this evaluation will focus exclusively on the perceptions of staff (posted and locals). Information on the actual behaviour of Danish embassies in relevant partner countries will be collected in connection with the country level evaluations.*

According to the design of the evaluation of the implementation of the PD, *outputs* (i.e. how embassies translate instructions, guidelines etc. into practice) are supposed mainly to be captured through the country level evaluations in the form of analysis of embassy/field office behaviour.

The evaluation will thus cover the translation of the Paris Declaration at the headquarter level through a review of policy documents and other relevant written sources as well as interviews. It will make extensive use of existing documentation, including the most recent OECD/DAC peer review of Danish development cooperation (June 2007).

To the extent possible, however – and based mainly on existing documentation (e.g. annual work-plans and annual reporting from the embassies concerning progress in the implementation of the country programmes) – the HQ level evaluation of Denmark will also aim to assess whether there are obvious gaps between the policy guidelines and the way these are interpreted by embassies and representations.

This documentation will be supplemented by information generated through a brief questionnaire survey to be administered to a selected number of Danish Embassies. The questionnaire survey will take the form of a perception study and will mainly ascertain in a general sense how policy and guidelines have been and are communicated to and perceived by the embassies and other units responsible for the preparation, planning and implementation of Danish development cooperation. Interviews with a limited number of Embassy staff (posted and local) will also be conducted in two programme countries (Zambia and Uganda).

In order to create synergy between this head quarter study and the partner country level evaluations, the Danish HQ level evaluation will only involve embassies located in six “programme countries” which have indicated that they will conduct a country level evaluation (Bangladesh, Bolivia, Mali, Uganda, Vietnam, and Zambia) and in South Africa, which is also a key partner in Danish development cooperation, although not a programme country as such.<sup>51</sup>

The current head quarter level evaluation will at this stage not be able to provide a definitive answer regarding the relevance of the underlying assumption of the Paris Declaration, namely that increased aid effectiveness leads to greater development impact. This particular issue will be covered, to the extent possible, during the second phase of the overall evaluation.

## 6. Evaluation Questions

As mentioned above, the overall evaluation will focus on learning by asking the twin questions: ‘are we doing the right things?’ (Relevance) and ‘are we doing things right?’ (Effectiveness, Efficiency and Sustainability). The evaluation will be particularly interested in examples of where potential obstacles to implementation of the Paris Declaration have been identified, how these have been overcome, and with what results.

51) *The ten countries where country level evaluations will be carried out have been selected on a self-selection basis and the “sample” is thus skewed in various ways (e.g. fragile states not represented). It is expected, however, that the overall evaluation will include a thematic study specifically on the question of implementation and use of the Paris Declaration in fragile states.*



The evaluation questions for the evaluation of the implementation at head quarter level of the Paris Declaration outlined below should be seen as explorative starting points for the assessment and should be further developed by the Evaluation Team which will carry out the evaluation. In particular it should be considered whether more attention can be paid to Denmark's "weak points" cf. the 2006 Monitoring Survey on implementation of the Paris Declaration.<sup>52</sup>

Annex 1 (evaluation matrix) contains information of questions covering the respective principles of the Paris Declaration, indicators and data sources. This matrix should be further developed by the Evaluation Team that will carry out the evaluation of the Danish case study concerning implementation of the Paris Declaration at headquarter level after the Inception Workshop on the overall evaluation in Copenhagen from 18-20 June 2007.

At an overall level, it is important to assess whether the actions taken within the three dimensions, leadership (commitment, capacity and incentive systems) have improved the possibilities for Danish development cooperation to comply with the commitments of the Paris Declaration, including in particular ownership, alignment and managing for results – and whether the actions taken have had any unintended effects.

#### *Assessing leadership*

- How has the Paris Declaration's emphasis on demand-driven development cooperation been reflected in policies, programmes and procedures concerning Danish development cooperation? Has the implementation of the Paris Declaration affected Danish development co-operation priority-setting? Has the role of the Ministry of Foreign Affairs and embassies been adapted to the aid effectiveness agenda? If not, why not?
- How is the Paris Declaration interpreted and internalised ('owned') at the Danish Ministry of Foreign Affairs? (various levels should be considered)
- How is the Paris Declaration interpreted and acknowledged at a) governmental and b) parliamentary level and c) by the Danish civil society? What are the (potential) conflicts with other political/administrative systems, and what is being done to resolve these?
- What specific changes in the use of different modalities (general budget support, sector budget support, project support) do different types of Danish actors (politicians, top-management in Ministry of Foreign Affairs, implementing staff and civil society representatives) expect as a result of the implementation of the Paris declaration? Do such expectations comply with the vision of the Paris Declaration (and with the expectations in partner countries and among other development partners)?
- Do Danish actors (including e.g. parliamentarians, high-level officials in the Ministry of Foreign Affairs, staff at HQ-level, NGO-representatives etc.) find that there are unexpected effects of the implementation of the Paris Declaration (e.g. for civil society development in partner countries, promotion of human rights and gender equality) already at this stage and if so, how do they deal with these?

52) *Aid flows in budget, coordinated support to capacity development in developing countries, use of countries' own financial systems and predictability of aid. Reference is made to the draft report by David Booth (2007) on Denmark's Performance on the Paris Declaration.*

## **7. Methodology and structure of the work**

The evaluation work will involve:

- An analysis of documents (policy documents, instructions, guidelines, annual plans of embassies and relevant departments in the Ministry of Foreign Affairs, records of Parliamentary debates, evaluation reports and the recent DAC Peer Review of Denmark, etc.);
- A brief user-friendly questionnaire survey with focus on how instructions related to the Paris Declaration covering the Danish embassies located in the six Danish programme countries plus South Africa which will conduct a partner country level evaluation.
- Structured and semi-structured interviews with key respondents at the Ministry of Foreign Affairs;
- Structured and semi-structured interviews with respondents of a selection of Danish non-governmental development agencies and other key stakeholders (politicians, other parts of the Danish government system).

## **8. Organisation of the evaluation**

The evaluation will be carried out by a team of independent, external consultants contracted by the Evaluation Department of the Ministry of Foreign Affairs. The Deputy Head of the Department, Margrethe Holm Andersen, will be responsible for managing the process. The evaluation team will be made up of three consultants, including one consultant from a developing country.

A reference group consisting of Mr. Ole Therkildsen (Danish Institute for International Studies, DIIS), Mr. Vagn Berthelsen (IBIS), Mr. Erik Rasmussen (Department of Development Policy, UDV), Mr. M. Makalou (Mali, representing the partner countries), Mr. Morten Elkjær (Technical Advisory Service, TAS), Mr. Mikael Hemniti Winther (Quality Assurance Department, KVA) will be established to provide feed-back to the ToR for the desk evaluation and to the draft report. The Deputy Head of the Evaluation Department, Mrs. Margrethe Holm Andersen, will chair the reference group.

## **9. Conduct of work and time schedule**

The evaluation will be conducted from September 2007 until December 2007 and consists of three phases:

### *Inception*

The draft ToR were discussed in the Danish reference group in June 2007 and in the inception workshop concerning the overall evaluation of the implementation of the Paris Declaration held in Copenhagen on June 18-20, 2007 (the workshop involved the evaluation managers of all headquarter evaluations and partner country level evaluations). A number of adjustments to the ToR were subsequently made and some initial data collection was done in July 2007 by a team of consultants from the Danish firm Copenhagen Development Consultants A/S.

Following the bankruptcy of CDC in August 2007, the contract with CDC is being closed and Danida has decided to advertise the assignment on the Ministry's home-page. The initial work done by CDC, however, is reflected in a draft inception report which will be made available to the consultants that are eventually selected to continue the work. The final inception report shall include i.a.

- A contextualised evaluation approach based on the outlined evaluation questions of the present ToR (corresponding to the outline evaluation questions from the generic ToR for agency evaluations at head-quarter level)
- A sampling frame including the identification of relevant information sources;
- Data collection methods and draft instruments (interview guide, questionnaires etc.)
- An outline of the processes for institutional learning during the evaluation; and
- A detailed work plan and methodology.

The Evaluation Management Group of the overall evaluation of the implementation of the Paris Declaration will be invited to comment on the draft inception report.

#### *Data collection, analysis and reporting*

Data collection, interviews and questionnaire survey will be conducted in the period June-September, followed by analysis and reporting. In order to facilitate the preparation of the synthesis report for the overall evaluation, the drafting of the evaluation report on the DK implementation of the Paris Declaration at Head quarter level will, to the largest extent possible, adhere to the development partner level evaluation report outline attached in Annex 1. The evaluation report should be of maximum 50 pages including the executive summary.

The Evaluation Department will solicit comments on the draft evaluation report from concerned embassies and the reference group, but the draft report will also be presented and discussed in other meetings involving a wider range of stakeholders from within and outside the Ministry of Foreign Affairs. Moreover, the draft report will be shared with partner countries in order to solicit comments and where possible enhance synergy with the country level evaluations.

#### *Dissemination and follow-up*

The evaluation findings and possible recommendations will be discussed at development partner headquarters level before being finalised and communicated by the Evaluation Department to the Synthesis Team through the Evaluation Management Group of the overall evaluation.

The timetable for the evaluation is as follows:

Timing	Activity
August 2007	Advertising of the assignment on the Danida web-site <a href="http://www.danidacontracts.dk">www.danidacontracts.dk</a> , followed by selection of consultants.
September – October	<p>Review of documentation collected, including Draft Inception Report</p> <p>Finalisation of Inception Report, including questionnaire and guidelines for interviews.</p> <p>Conducting of interviews with key actors in Denmark and staff at selected embassies (Zambia and Uganda).</p> <p>Analysis of documents, response to questionnaire survey and interviews.</p> <p>Analysis of the response to the questionnaire survey.</p> <p>Presentation of preliminary findings at workshop for selected key stakeholders.</p> <p>Drafting and submission of Draft Evaluation Report.</p>
November	<p>Presentation of draft evaluation report to reference group and possibly other fora for commenting.</p> <p>Circulation of draft evaluation report to concerned embassies and partner countries for commenting.</p> <p>Finalisation of evaluation report (input to Synthesis Report).</p> <p>Presentation of final evaluation report to the Danida Programme Committee (management response to the report).</p> <p>Submission of final evaluation report to Evaluation Management Group of the overall evaluation.</p>

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## Annex 3: Persons interviewed/consulted

### Denmark

1. Erik Rasmussen, MFA-UDV
2. Carsten Nilaus Pedersen, Ambassador, Under-Secretary for Bilateral Co-Operation
3. Anders Baltzer Jørgensen, MFA-TAS
4. Michael Engvold (head), Jytte Laursen (consultant), DCCD
5. Peter Ellehøj, MFA-KVA
6. Lars Christian Oxe, MFA-TAS
7. Leif Hommelgaard, MFA-TAS
8. Mogens Strunge Larsen, Chief Advisor, Head of Contract Secretariat, MFA
9. Morten Elkjær, Dpt. Head MFA-TAS
10. Lars Bruun Rasmussen, MFA-KVA
11. Karin Poulsen, MFA-TAS
12. Birthe E. Larsen, MFA-TAS
13. Lars Kjellberg, MFA-HUM
14. Orla Bakdal, MFA-UDV – ‘Civil Society Ambassador’
15. Mette Knudsen, MFA-Head of Africa Department
16. Morten Jespersen, Head of Department, MFA-UDV
17. Elsebeth Tarp, MFA-TAS
18. Dorte Damkjær, MFA
19. Søren Baunsgaard, MFA
20. Vinnie Estrup, MFA
21. Prof. Holger Berndt Hansen, Chairman, Board of Danida
22. Knud Vilby, journalist, DanChurchAid
23. Vagn Berthelsen, IBIS
24. Pia Larsen, Foreign Affairs Committee, the Parliament

### Uganda

1. Peter Ogwal Ogwang
2. Stephen Ajalu
3. Flemming Astrup
4. Birgitte Markusen
5. Charlotte Kanstrup
6. Peter Borgh Jensen
7. Lars Rimmer
8. Dorte Broen

### Zambia

1. Thomas Schjerbeck
2. Helge Moustsen
3. Moffat Mwanza
4. Jess Pilegaard
5. Jacob Jepsen
6. Kaj Østergaard
7. Jytte Laursen
8. Majbrit Holm Jakobsen
9. Peter Sievers
10. Litumelo Mate

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## Annex 4: Embassy Questionnaire

### Evaluation of the Implementation of the Paris Declaration – the Case of Denmark

#### About this questionnaire

OECD-DAC's network on development evaluation (EVALNET) has initiated an overall evaluation of the effects from the Paris Declaration on aid effectiveness, which includes evaluation of the effects in both partner countries as well as and donor countries. As part of this evaluation, the Danish Ministry of Foreign Affairs has commissioned a Danish "headquarter evaluation" of the implementation of the Paris Declaration as part of the Danish development cooperation.

The Paris Declaration is built around five related key concepts:

1. *Ownership*: Partner countries exercise effective leadership over their development policies and strategies and coordinate development actions;
2. *Alignment*: Donors base their overall support on partner countries' national development policies, strategies, systems, institutions and procedures;
3. *Harmonisation*: Donors coordinate their actions and activities and minimise the cost of delivering aid;
4. *Managing for results*: Donors/partners orient their activities towards managing resources and improving decision-making for results;
5. *Mutual Accountability*: Donors and partner countries are accountable to each other for progress in better managing aid and in achieving development results.

It was decided also to seek the opinion of staff at Danish Embassies in seven partner countries and to explore their opinions through a brief questionnaire survey (perception study) in order to ascertain in a general sense how policy and guidelines are communicated to and perceived by the Embassies and other units responsible for the preparation and implementation of Danish development cooperation. The seven Embassies to be addressed with the questionnaire are the Embassies of Bangladesh, Bolivia, Mali, Uganda, Zambia, Vietnam, and South Africa.

The emphasis of the questionnaire is on learning lessons by asking the twin questions: "are we doing the right things?" (relevance) and "are we doing things right" (effectiveness, efficiency and sustainability). On this basis the analysis relates to the following three dimensions of the Danish development cooperation and its focus on the Paris Declaration principles:

1. The Danish *commitment* to and implementation of the Paris Declaration principles
2. The Danish focus on *capacity development* for implementation of the Paris Declaration
3. *Incentives* for staff to maintain an implementation focus on the Paris Declaration principles.

The Embassy is kindly requested to assist in replying to the questionnaire survey.

It is suggested that the Head of Development Cooperation plus TWO posted sector staff and TWO locally employed staff (a total of five persons) fill in the questionnaire. The evaluation team does not have any sector preferences. Please return the completed questionnaire to the Evaluation Department not later than the 10 October 2007.

*Please feel free to answer the questions in as much detail as you find necessary. The response space is indicative only!*

### Embassy information

Country:

### Part 1

#### Danish commitment to and implementation of the Paris Declaration principles

*In many ways the Paris Declaration (PD) changes the way in which the Embassy is meant to interact not only with the partner countries, but also with other development partners.*

- 1 In what ways has the role of the Embassy changed and adapted to the aid effectiveness agenda set out in the Paris Declaration? How, and in what ways has your role in the Embassy been affected?

Response:

- 2 Is specific Embassy-level knowledge and experience taken into account when headquarter initiatives and approaches to the PD are drafted and decided upon? If not, suggest ways in which this could be improved.

Response:

- 3 Do you think that the Embassy is entrusted with sufficient authority and autonomy on financial, administrative, policy and managerial matters to adequately enter into a dialogue with representatives for the partner country and other donors and to take actions that best meet the PD principles?

Response:

- 4 To what extent does the Embassy work with other development partners to coordinate its activities and reduce duplication of efforts under the PD principles? Please give examples. Are there any constraints to pursuing the PD principles?

Response:

## ANNEX 4: EMBASSY QUESTIONNAIRE

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- 5 How does the Embassy support the strengthening of partner countries' capacity for improving country ownership and alignment of Danish policies with country policies and strategies? Are there any perceived constraints for granting ownership / leadership?
- 

*Response:*

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- 6 Have you noticed any unexpected consequences of the implementation of the Paris Declaration? If so, please describe such effects and indicate whether they have been recorded and discussed at Embassy and MFA headquarter levels?
- 

*Response:*

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- 7 Does the Embassy coordinate activities with other development partners? If so, how? Please give examples.
- 

*Response:*

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- 8 What do you think are potential or real issues of conflict between the five Paris Declaration principles and the political, administrative and/or managerial systems/norms that form part of Danish development cooperation?
- 

*Response:*

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- 9 Does the Embassy experience constraints in providing timely, transparent and comprehensive information about Danish aid flow to partners? If so, please, state and briefly describe the nature of the constraints.
- 

*Response:*

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*The MFA has developed and disseminated instructions, guidelines, operational directives and evaluation criteria to staff at Embassies in partner countries through the Aid Management Guidelines (AMGs)*

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- 10 In your view, has the MFA headquarters provided the Embassy with sufficient information and guidance on how to face the challenges associated with the new aid modalities required by the PD and information sharing with other partners and countries on experiences gained?
- 

*Response:*

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- 
- 11 Do you find that the AMGs prepared by the MFA sufficiently reflect the intentions of the Paris Declaration? Please give examples regarding areas of concern, paying particular attention to how the guidelines address Embassy-level operational requirements.
- 

*Response:*

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- 12 Please comment on whether you consider the AMGs to be clear and unambiguous, and if the level of detail contained is appropriate for operational use.
- 

*Response:*

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- 13 In what ways does the AMG support or restrain the Embassy's efforts to cooperate with other development partners and in harmonising actions and/or aligning to the partner country's policies and systems.
- 

*Response:*

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- 14 What, in your view, could be changed and/or enhanced at headquarter level to better equip itself to provide more effective technical and directional support to your Embassy in reference to the Paris Declaration?
- 

*Response:*

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## **Part 2**

### **Capacity building for implementation of the Paris Declaration**

#### *Operational and process-level issues*

- 15 In your view, does the staff at the Embassy have sufficient knowledge and understanding of the principles of the Paris Declaration to make them operational? Please explain.
- 

*Response:*

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- 16 To what extent are the MFA Guidelines, instructions and operational directives supportive or confining for you when you apply the Paris Declaration principles in your daily work?
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*Response:*

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- 17 If you were to recommend improvements in the MFA Guidelines, existing instructions, guidelines, operational directives and evaluation criteria that would help promote the Paris Declaration principles, which aspects would you highlight?
- 

*Response:*

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- 18 Do you see any conflict between the consolidated result-oriented assessment framework recommended by the Paris Declaration and the MFA (Danida) requirement to report specifically on Danish-funded activities? If yes, please suggest what you think should be done to overcome this conflict in response to Denmark's commitments to the Paris Declaration.

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*Response:*

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*Human resource capacity and financial considerations*

- 19 Do you think that the number of Embassy staff is adequate for addressing the PD challenges? If not, what key staff are missing?

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*Response:*

- 20 Do you think that the current staff in the Embassy can collectively provide the necessary professional skills to adequately manage the PD-related tasks? If not, what additional skills and competencies are needed?

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*Response:*

- 21 Is capacity development for partner country staff to contribute effectively to the Paris Declaration principles sufficiently addressed? If so, has this been given sufficient priority in the Danish guidelines and the Danish-funded support?

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*Response:*

- 22 From your experience, does the Embassy have the financial resources necessary to effectively implement the PD (both in the short and long term)? If the resources are inadequate, please specify the areas that you think should benefit from additional support.

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*Response:*

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**Part 3**  
**Incentives for staff to maintain a focus on the Paris Declaration principles**

- 23 To your knowledge, has the Embassy developed a Work Plan for the implementation of the PD as it relates to the Danish country programme cooperation? If YES, is it appropriate and useful?

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*Response:*

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24 Are the success criteria for desk officers at the Embassy clear and unambiguous, and do they include a sufficient focus on the fulfilment of the PD principles?

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*Response:*

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25 Is the annual performance contract between the Embassy and the MFA headquarter relevant and useful to support the implementation of the PD principles?

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*Response:*

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26 Do clear incentives exist for motivating staff at the Embassy to become more responsive to the PD? Please give examples.

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*Response:*

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27 In your view, is there incentive to maintain a balance between both short-term and long-term objectives of the PD? To what extent is this balance affected by periodic pressure to achieve annual disbursement targets?

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*Response:*

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28 Is there any conflict between the move to harmonise and align approaches and the maintenance of key Danish principles, values and interests?

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*Response:*

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## Annex 5: Literature used for Reference

*MFA/Danida*: Uganda Country Programme Review. November 2007

*MFA/Danida*: Bangladesh Country Programme Review. May 2007

[www.um.dk](http://www.um.dk)

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[www.oecd.org/document/18/0,2340,en](http://www.oecd.org/document/18/0,2340,en) (PD evaluation website)

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## **Annex 6: Danida Paris Assessment Parameters**

The following table presents selected parameters and instruments used by the MFA/Danida to monitor progress towards the Paris Declaration principles.

Commitment	Capacity (of Danida)	Incentives
<p>Ownership</p> <p>Reliance on Programme Steering Committees with partner country involvement. Execution in hands of national structures/organisations. Partner country interest in aid effectiveness agenda. Partner country leadership of thematic and sector working groups. Involvement of national key stakeholders, including civil society Attention to capacity development as part of sector support.</p>	<p>Capacity development at HQ (predeparture &amp; summercourses) on PD; aid management principles. Performance Reviews (KVA) Country Reviews and sector reviews (both BFT) reviews ownership issues and provide capacity development.</p>	<p>Paris Declaration principles are part of the target and performance management (MRS) process and found in the multi-year strategic priorities and overarching objectives. The resulting Results Contract between Management and Embassies is yearly reviewed to assess the extent to which the Embassies have fulfilled targets. Harmonisation and Alignment Action Plans (HAAP) elaborated in connection with Performance Reviews serves as yardstick for Embassy management to judge progress.</p>
<p>Alignment</p> <p>Support aligned to PRSP and sector policies Support reflected on the budget. Use of public financial management system. Involvement in JASs. Use of general and sector budget support. Use of national audit systems. Use of national procurement procedures. Use of national indicators and reports systems. Predictability of aid flow. Embassy A&amp;H action plans. (Reduced) use of PIUs/PMUs.</p>	<p>Action plan for strengthening of public financial management system. Training of Danida staff on PFM. Training of use of guidelines on procurement (Nordic+). Use of A&amp;H hotline. Use of technical assistance reflects government priorities. Capacity building based on national priorities and concerns. Performance Reviews (KVA) and Country Reviews and sector reviews (BFT) review alignment-issues and provide capacity development.</p>	<p>As above.</p>

Commitment	Capacity (of Danida)	Incentives
<p>Harmonisation</p> <ul style="list-style-type: none"> <li>Participation in SWAps/baskets (common funds)</li> <li>Pooling and coordination of technical assistance</li> <li>Division of labour among donors and focusing of country programme</li> <li>Existence of donor sector groups</li> <li>Use of silent partnerships</li> <li>Inclusion of non-signatories of the PD</li> <li>Joint reporting routines</li> <li>Joint analytical work</li> </ul>	<p>Use of guidelines on delegated cooperation Performance Reviews (KVA) and Country Reviews and sector reviews (TSA) reviews harmonisation issues and provide capacity development.</p>	<p>As above</p>
<p>Management f. Results</p> <ul style="list-style-type: none"> <li>Use of GBS assessment (multi-donor)</li> <li>Use of national M&amp;E system for monitoring of Danida support</li> <li>Monitoring based on JAS/PRSP and sector strategies</li> </ul>	<p>Support to development of national M&amp;E systems for monitoring and reporting Performance Reviews (KVA) and Country Reviews and sector reviews (TSA) reviews M&amp;E issues and provide capacity development.</p>	<p>As above</p>
<p>Mutual Accountability</p> <ul style="list-style-type: none"> <li>Country strategies consulted and agreed with partner countries</li> <li>Regular High-Level Consultations</li> <li>Frequency of joint evaluations and joint reviews</li> <li>Embassies make available to partner government information about disbursements/commitments on a quarterly basis.</li> </ul>	<p>Support to NGOs as watchdogs</p>	<p>As above</p>



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## Annex 7: General and Sector Budget Support

In 2006 Denmark provided general budget support to six countries. The GBS accounted for approx. 6% of Danish bilateral assistance. Depending on the overall assessment of the performance of the partner countries against the 10 guiding principles, general budget support may constitute up to 25% of the bilateral assistance. The proportion of GBS of Denmark's total official development assistance to the six countries in 2006 was as follows:

### General Budget Support

Country	GBS as % of country programme	Amount Mill. DKK
Benin	14.5%	28.5
Burkina Faso	19.5%	40.0
Ghana	8.9%	33.75
Mozambique	3.6%	15.0
Tanzania	15.9%	90.0
Vietnam	21.6%	91.0

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Sector budget support, usually based on SWAps, constitute an increasing part of Danish development assistance. The use of sector budget is most widespread in the health and education sectors. In 2006 the Danish sector budget support was distributed as follows (with the caveat that the figures are still based on preliminary data):

### Sector Budget Support

Sector	Sector BS as % of sector support
Health	5.4
Education	14.5
Transport	0.0
Energy	0.0
Business sector dev.	0.0
Water & Sanitation	10.0

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The guiding principles for assessing the effectiveness of general budget support are:

1. Good governance, encompassing a minimum respect for human rights, a free press, pluralistic democracy and rule of law, including independence for the judiciary
2. Responsible anti-corruption with implementation of prevention and control measures as well as follow-up, with a view to improving the country's standing in the international corruption league table
3. Solid poverty reduction strategy and the will to implement it
4. Positive experiences with development cooperation generally and budget support specifically, as well as ongoing documentation of concrete development results
5. The Finance Act process, with publication of budget and accounts, as well as parliamentary consideration
6. Rules for public procurement broadly in accordance with international standards
7. Presence of an independent National Audit Office or similar function inspection body
8. Expert appraisal of quality and capacity in public finance management
9. Mutual observance of agreed obligations
10. Consensus among all budget support donors regarding approach, including rules for transfer and monitoring, and conditions for general budget support.

These are not 'either/or' criteria. It is expected that the Danish programme countries vary in their ability to meet these criteria. Therefore, the decision to provide general budget support is based on an overall assessment of these criteria.

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## PHASE ONE OF THE EVALUATION OF THE IMPLEMENTATION OF THE PARIS DECLARATION – CASE STUDY DENMARK

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This evaluation is a case study of the Danida/MFA contribution to the implementation of the Paris Declaration on improved aid effectiveness which was agreed upon by a wide range of ministers and development agencies in March 2005. The focus is on commitment, capacity and incentives for implementation of the declaration at various levels, including policies and guidelines for development cooperation.

The evaluation is based on a review of relevant literature, a questionnaire survey administered to ten embassies in partner countries and on interviews with staff and management of the Ministry of Foreign Affairs and the Danish embassies in Uganda and Zambia as well as interviews with key representatives from the Danish Parliament, Danish NGOs and the Danida Board.

The evaluation shows that Denmark is broadly on track in its implementation of the Paris Declaration. The evaluation also, however identifies areas where further improvement is needed, for example as regards alignment with national systems and internal capacity assessment and development.

The evaluation constitutes an input to the first phase of a wider evaluation of the implementation of the Paris Declaration requested by the OECD/DAC but is also intended to serve as an input to discussions in Denmark on how Danish development cooperation may be improved in the light of the new aid architecture.

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