

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

Generic TOR for Development Partner¹ HQ Evaluations

1. Background and rationale

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

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

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

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

The second phase of the evaluation will run from the HLF in Ghana in 2008 and up to the 4th HLF in 2010. This phase will

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

focus on whether the intended, long-term effects of the Paris Declaration are being achieved.

2. Purpose and Objectives

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

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

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

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

3. Scope and Focus of the Evaluation

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

action plans to implement the PD and five of them have informed their national parliaments. Nonetheless, the Survey Report² summarizing the baseline findings, as well as different studies recording country-specific implementation experiences, highlight that these corporate commitments are not always matched by practices. Three explanatory dimensions have been identified as contributors to Development Partner behaviour: **(a) commitment, (b) capacity building, and (c) incentive systems in terms of their alignment to the Paris Declaration.** These three dimensions will constitute the **main scope** of the evaluation.

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

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

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

Further, other than the Development Partner/partner country schism, a disconnect between headquarter policies and in-country practices has been noted. For some Development Partners it may be the case that the PD is owned by policy staff

at headquarter level with country level staff seeing harmonisation tasks as getting in the way of efforts to achieve tangible development results. For other (typically project-oriented) Development Partners, the picture is the reverse, with country level staff experiencing difficulties in engaging in collaborative efforts due to legal liability and the financial control concerns of their headquarters. Indeed, in some instances the legal liability concerns of Development Partner HQs have led to initial below-PD commitments at field level. This is why the Survey Report recommends³ that Development Partner agencies make an effort to review procedural and legal frameworks so that the rules, procedures, or practices that work against the PD commitments can be identified.

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

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

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

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

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

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

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

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

Focus

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

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

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

sufficient number of countries in which partner country level evaluations will be conducted.

4. Limitations of the evaluation

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

5. Evaluation Questions⁵

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

Assessing leadership

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

Assessing capacity development

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

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

stimulate implementation of the PD implementation plan?

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

Assessing incentive systems

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

6. Structure of Work

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

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

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

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

Data collection and report drafting Phase

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

Consultation and Finalisation Phase

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

7. Competencies

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

8. Timing and Conduct of Work

The timetable for the evaluation is as follows:

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