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Evaluation of the Implementation of the Paris Declaration: Case Study of the Netherlands

Executive Summary

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“Ahead of the Crowd?”

**The Process of Implementing the Paris Declaration
Case Study: the Netherlands**

**Agency-level evaluation conducted during the first phase
of the evaluation of the implementation of the Paris
Declaration**

Executive Summary

Introduction: Focus and Methodology

This evaluation explains how the Netherlands has translated the Paris Declaration on Aid Effectiveness (2005) into policies and procedures for implementation. It is one of a series of studies conducted by donors and partner countries under the auspices of an international Reference Group comprising members of the OECD/DAC Working Party on Aid Effectiveness and the OECD/DAC Network on Development Evaluation. The findings of this study form the Dutch contribution to the Synthesis Report to be submitted to the High Level Forum in 2008. In addition, the evaluation is intended to be instructive for the Netherlands Ministry of Foreign Affairs.

As less than three years have passed since the Paris Declaration was adopted, the evaluation is primarily concerned with the efforts made (i.e. inputs) to comply with the commitment to the Declaration. It aims to document and assess how the Netherlands has made this commitment operational at

headquarters level (i.e. the Ministry of Foreign Affairs) and in embassies. The central question is how the principles of the Paris agenda – Ownership, Alignment, Harmonisation, Managing for results and Mutual accountability – have found their way into the policies, guidelines, instructions, etc. of Dutch development cooperation. Compliance in terms of output (results) will be captured by the various evaluations conducted at partner country level, which will document and assess the behaviour of the embassies and field offices of the various Development Partners, including the Netherlands. By way of illustration, this report includes some examples of outputs: for instance, of the way in which Dutch aid is changing in response to the Paris agenda. The evaluation does not set out to provide a judgement on the theory underlying the Paris Declaration: that aid will be more effective if the five principles are adhered to, but less effective if they are not. This issue will be covered during the second phase of the overall evaluation of the Paris Declaration.

The evaluation was conducted in a brief period of time by reviewing documents and holding interviews to ascertain the interpretation of the Paris Declaration at headquarters level. In addition, nine Dutch embassies were requested to respond to questions about their efforts to implement the Paris Declaration. These were the embassies in Bangladesh, Bolivia, Mali, Senegal, South Africa, Sri Lanka, Uganda, Vietnam, and Zambia, all of which are partner countries scheduled to conduct their own evaluation. It was hoped that in this way, synergy could be created between the Netherlands case study and the evaluations at partner country level.

A Monitoring Survey conducted in 2006 identified three dimensions in which donor practice fell short of compliance with the Paris Declaration: commitment, capacity building and incentive systems. In line with the other donor and partner country evaluations, the Netherlands headquarters study was required to apply these three dimensions to assess the Netherlands compliance with the principles of the Paris agenda.

Main Findings

Commitment

There is a high level of Dutch commitment to the implementation of the Paris Declaration. The Minister of Development Cooperation, staff at the Ministry of Foreign Affairs and staff at the embassies acknowledge its relevance, support its principles and are making efforts to realise the agenda in practice. The principles of ownership, donor harmonisation and alignment have been part of Dutch development cooperation since the 1990s, when sector support and budget support started to replace project aid. Recent expressions of the commitment are found in policy documents of 2003 and 2007. The policy letter of the Minister for Development Cooperation, *Our Common Concern, Investing in development in a changing world* (October 2007), demonstrates a political interpretation of the Paris agenda, by stating that causes of poverty are to be dealt with and that political choices in developing countries should be transparent and open to debate, making the government accountable to its parliament and people. The commitment to the Paris Declaration is also made clear in the explanatory notes to the annual development cooperation budget; furthermore, special reports to Parliament document the progress made in the implementation of the Paris agenda.

Commitment is also demonstrated by the prominent role played by the Netherlands in international forums, such as the Nordic Plus donor group, the OECD/DAC during the run-up to the Paris Declaration and thereafter, and the European Union with regard to the EU Consensus on Development of 2006 and the EU Code of Conduct on Complementarity and Division of Labour of 2007.

The Dutch Parliament has not shown an explicit interest in the Paris Declaration. Queries in the House of Representatives regarding the Declaration have been restricted to written questions. Parliament gave approval for the shift from project support to sector support that has occurred since 1988 and to the increasing application of sector budget support and general budget support.

The Dutch NGOs for development cooperation are gradually entering the debate on the Paris Declaration, as a watchdog monitoring the effects of the new aid agenda and as implementing agencies that are themselves confronted with the challenges of harmonisation, alignment and mutual accountability.

Capacity

Capacity to realise the implementation of the Paris agenda is adequately available at headquarters in The Hague and at the embassies. This is partly attributable to the fact that an infrastructure conducive for the implementation of the principles of the Paris Declaration had been in place since the late 1990s. Especially significant in this regard has been the far-reaching delegation of responsibilities to the field. The presence of sufficient capacity is also partly due to measures taken more recently, such as the establishment in 2005 of a special unit at the Ministry of Foreign Affairs. This Effectiveness and Quality Department has developed into the hub fostering the promotion of the Paris Declaration. It provides support and advice on policy implementation and stimulates discussion on issues to do with aid effectiveness. Two special support programmes have been initiated: the Public Finance Management Support Programme and the Embassy Support Programme for Institutional and Capacity Development. Also, Country Teams consisting of a mix of headquarters staff periodically visit embassies to discuss with them the opportunities for and progress with implementing the Paris Declaration.

Several guidelines and operational directives have been developed to facilitate the implementation of the Paris Declaration by the embassies. The Track Record instrument, operational since 1994, has been adapted to provide an analysis of a partner country and is used to inform decision-making on aid modalities. The Sectoral Track Record was introduced in 2007 to analyse the sectors and sub-sectors supported by the Netherlands. It includes the twelve indicators of the Paris Declaration. The Multi-Annual Strategic Plan (MASP), the main tool for the Ministry's planning cycle, is geared towards making strategic choices regarding the Paris Declaration; the Track Records analyses are used for that purpose. The Strategic Governance and Anti-Corruption Assessment was introduced recently as a tool to analyse aspects of formal and informal governance at the level of individual partner countries. The Procedural Guidelines for Development Cooperation have been adapted to enable alignment and harmonisation, budget support, sector support and Silent Partnerships. The Planning, Monitoring and Evaluation procedures for Dutch development aid were streamlined in 2006-2007 to focus more on results and take account of harmonisation and alignment. In general, the embassies consider the guidelines and directives appropriate for their work, but some embassies have indicated that they lack sufficient public finance and legal expertise.

Notwithstanding the positive attitude and the widely shared commitment to implement the Paris Declaration, the new agenda has also raised concerns about design and practice. In terms of design, the technical nature of the agenda has been questioned, as has the loss of focus on thematic issues. Another set of concerns has to do with the internal contradictions in the Paris agenda, where donor harmonisation may stand in the way of further alignment and partner country ownership. Major concerns on the implementation side include the variable and often slow pace of other donors,

the difference in views on the measurable indicators for monitoring among donors and partner countries, and the partner government's lack of capacity for implementation.

Incentives

The most important incentive for staff both at headquarters and at the embassies has been the commitment of political and managerial leaders at the Ministry to the Paris Declaration and their support of and active engagement in the implementation of the agenda. Given the prevalence in Dutch development cooperation of the sector-wide approach, harmonisation, and the use of new aid modalities such as sector budget support and general budget support, no specific incentives were needed to get staff engaged in implementing the new aid agenda.

Staff in development cooperation do not see the new aid agenda as a threat to the visibility of the Netherlands in the partner countries. On the contrary, a new kind of profile was pointed out: that of front-runner in the implementation of the new aid agenda.

The study revealed several potential disincentives with respect to realising the objectives of the Paris agenda in the short and long run. The most important challenge consists of the thematic targets currently set in Dutch development cooperation policy, which may negatively impact on the sectoral division of labour among the donors. They may also run counter to the objectives and priorities of the partner country, thereby frustrating alignment and ownership. Another challenge is related to the demands made of embassy staff. Embassies observed that consultations on the division of labour among donors in sector programmes and on establishing joint financing agreements are very labour-intensive and time-consuming. Although harmonisation and the transition to providing support at the macro level may in the long run result in efficiency gains for donors (and developing countries), in the short term there are high transaction costs. A further challenge is the current priority given to consultations with the different stakeholders at the national level which, together with the increasing attention required for administrative processes, leaves little time for monitoring developments at field level. Finally, there is a gradual shift from expertise in thematic development issues towards expertise in public sector management. This development may erode the knowledge base at the embassies and, subsequently, at headquarters. If left unattended, these challenges may well turn into disincentives in the longer run.

Some results at the output level

The results of the implementation of the Paris agenda in Dutch development cooperation are noticeable, but they are not yet spectacular. Relative to other donors, the Netherlands is doing well: according to the Monitoring Survey 2006, the progress made by the Netherlands on the twelve indicators of the Paris Declaration are above average. Progress has also been made in the sector concentration in the 36 partner countries of the Netherlands, where Dutch support is now limited to two or three sectors.

However, the increase in the relative proportion of general budget support to these partner countries is mainly the result of an increase in the volume of aid rather than of a major shift in aid modalities. Compared to sector budget support, general budget support remains a relatively small proportion of total Dutch bilateral aid. It is only applied in partner countries where circumstances allow this modality. Project aid is still very important and complements the two other aid modalities.