

New Zealand Agency for International Development (NZAID)

Evaluation of the Implementation of the Paris Declaration: Case Study of New Zealand

Executive Summary

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

Executive Summary

The purpose of this report is “to assess what constitutes better practices for Development Partner headquarters in implementing their Paris Declaration (PD) commitments in order to contribute to increased aid effectiveness”. This work has been undertaken by New Zealand Agency for International Development (NZAID) for inclusion in the first part of a two-phase evaluation process endorsed by the DAC Evaluation Network and the Working Party on Aid Effectiveness.

NZAID is a relatively small donor, with a strong geographic focus on the Pacific (51% of ODA). Within the Pacific, there are eleven bilateral and six regional/thematic programmes. New Zealand is the largest, or amongst the largest three bilateral donors in nine Pacific island countries. In addition, NZAID maintains relatively small bilateral programmes in Asia, along with regional engagements in the Greater Mekong Subregion, Africa and Latin America. It also provides ODA through multi-lateral organisations and NGOs.

Although New Zealand participated in the *2006 Survey on Monitoring the Paris Declaration*, only three of the 34 developing country participants were recipients of New Zealand ODA (none were from the Pacific), and together they made up only 5% of NZAID’s country-programmed aid. This report will help build a more comprehensive picture of NZAID’s implementation of the Paris Declaration in the Pacific context.

The evaluation utilised desktop data collection, interviews with individuals and groups of NZAID staff and stakeholders, and surveys completed by posts. Five case study programmes were selected to give representative information across

programmes. In addition, field visits were made to Samoa and Papua New Guinea to obtain the perceptions and observations of key stakeholders in partner countries.

Leadership

In its relationships with partner countries and other Development Partners, NZAID demonstrates strong leadership in implementing and promoting the Paris Declaration. At the political level, while actions may not specifically reference the Paris Declaration, they are broadly consistent with it. Internally, leadership is strong overall, though with some inconsistencies. Staff with significant contact with partners (i.e. posts, programme groups and advisors) demonstrate a keen sense of responsibility to pursue Paris Declaration implementation. Staff in management services roles, however, are less clear about their mandate to take the initiative in Paris Declaration implementation. Currently, individual incentives for these staff emphasise accountability within the NZ domestic context, along with timeliness and document quality over aid-effectiveness principles.

NZAID’s policy and strategy documents prior to 2005 show that the agency was already establishing a culture which emphasised partnership, alignment and donor coordination. Since then, it has taken up the Paris Declaration in new policies and strategies. Best progress has been made on the process-oriented Paris Declaration commitments (i.e. ownership, alignment, harmonisation), with fewer strong examples of implementation of the commitments on managing for results and mutual accountability. However, the agency is currently increasing its capacity and capability around these areas. Additional specialist monitoring and evaluation staff have been recruited and the development of an agency-wide performance framework and roll-out of the Evaluation Policy and training are underway.

Some changes to the shape of programmes as a result of efforts to implement aid effectiveness principles are visible.

NZAID is now engaged in, or actively pursuing, Sector Wide Approaches (SWAs) in several countries, and programme managers report they are making efforts to consolidate activities, aligning within sector strategies where these exist. Views from partner government representatives interviewed confirm the lead role played by NZAID in promoting harmonisation and programme-based approaches. NZAID manages AusAID funding for the Cook Islands under a single joint programme, and there are numerous examples of co-funding activities with other donors. New Zealand and Australia have agreed a joint programme strategy in Samoa and actively seek opportunities to do so in other programmes.

There are also examples of NZAID adopting Paris Declaration principles in its engagements with Pacific Regional Organisations, NGOs and multilateral agencies. These include core funding to local NGOs (who themselves can play an important role in strengthening mutual accountability), and NZAID's multilateral engagement strategy. Regional thematic programmes are more problematic, and continued efforts will be needed to ensure effective information flows and alignment with partner government priorities and processes.

The Evaluation did not find any evidence that the focus on Paris Declaration implementation had reduced policy engagement on gender and development issues. There was some evidence that participation in SWAs and other programme approaches provided opportunities for strategic engagement on gender issues not available in a project-based programme.

The overall relevance of the Paris Declaration indicators and targets for regions like the Pacific needs to be further explored. Views within NZAID, and amongst external stakeholders, on the value of the PD indicators were highly variable. Many respondents considered the targets had only limited relevance to New Zealand and the Pacific environment, and needed to be adapted to reflect the reality of the operating environment in small island and fragile states better. Nevertheless, it is important that NZAID collects data for at least some of the agreed indicators, and also considers measuring indicators for intermediate milestones, in order to build a more comprehensive picture of its progress in Paris Declaration implementation and to provide better accountability to its partners. Even in countries which have made excellent progress in establishing partner-led development processes, the use of partner systems remains low, sometimes at their request. It will be important that NZAID takes a proactive approach to helping partners address the barriers to the increased use of their own systems.

Capacity

Since 2002/03, NZAID's budget has seen a 75% increase from NZD 245 million to NZD 428 million. During this period, staff numbers have also increased commensurately. There has been no decentralisation of staff, and the ratio of staff in Wellington and at posts has remained constant.

NZAID has had a flat management structure with a team-based approach to programme management. This model has enabled limited specialist advisory and support service resources to contribute across a range of programmes. Staff generally reported feeling overstretched and unable to devote as much time to aid effectiveness and other policy issues as they would like. There was unmet demand for specialist inputs in the field. This is felt particularly keen in Pacific programmes, where the very small number and limited range of local specialists makes these inputs especially valuable.

Despite being small, as a significant donor in the region, expectations are often high for NZAID to be contributing extensively across the board. The *2005 DAC Peer Review of NZAID* found that in carrying the aid effectiveness agenda forward, NZAID would need to address the geographic and sectoral dispersion of its programmes. Only small improvements were seen in some areas. While a tighter programme focus would help to alleviate capacity issues, expectations of ministers, other government departments and partner countries often run counter to this. There is also a challenge for NZAID to engage domestically to ensure a consistent whole-of-government approach for ODA not delivered via NZAID.

Given NZAID's limited resources and dispersion, it is essential that its decision-making and programme management processes are efficient. There is scope to reduce double handling and speed up decision-making by reviewing financial delegations and associated processes to posts. While the current team-based approach with centralised management has helped manage risks around flexible work practice and encourages learning, a more sensible balance may be possible. Barriers to greater delegation and resources going to posts have included an inability to have core corporate systems live at posts, budgetary and human resource limitations. These must be addressed as part of a successful devolution process.

In light of recent and projected growth, NZAID is currently developing an Organisational Development Framework to "provide direction and clarity on the organisational shape, human resources, ways of working and learning; and systems and processes to enable NZAID to be best placed to deliver on its policies and strategies in response to signalled growth and in line with the desired culture". It will be important that recommended changes arising from this review are resourced appropriately.

NZAID has supported a bottom-up approach to implementing the Paris Declaration rather than a top-down compliance-driven one, and this has generally worked well for the agency. There is scope to enhance NZAID's implementation of the Paris Declaration further, particularly alignment with country systems and processes, if the expertise of specialist contract and financial management staff could be harnessed more effectively. It will be important, however, that these staff are given the time and space to do this. Many staff are already stretched trying to keep up with the very large number of

small contracts concluded by NZAID each year. Programming and management services staff will need to work together to address this, if management services staff are to be in a position to add value to Paris Declaration processes.

There is potential in all donor programmes to overuse Technical Assistance (TA) (and mechanisms such as scholarships) in small island states. These states have specific capacity issues that can mean the use of TA and scholarships is more appropriate or necessary than in countries with larger human resource pools and populations to support adequate tertiary institutions. It is important, however, to support partner countries to recruit and at the very least manage and coordinate TA themselves, and ensure TA is part of a coordinated capacity-building strategy not reduced to capability gap filling or parallel structures for implementing donor-driven projects.

Incentive Systems

At the highest level, New Zealand government ministers promote the development of relationships with partner countries in a manner consistent with the Paris Declaration commitments and this establishes a positive incentive environment for NZAID. This is reinforced by New Zealand's participation in the Pacific Islands Forum, willingness to champion international issues of importance to Pacific island countries, and close historic, economic, social and cultural ties.

NZAID's status as a semi-autonomous agency within MFAT provides both positive and negative incentives, but overall is not considered disadvantageous to Paris Declaration implementation. Close working relationships between Heads of Mission and NZAID Managers who are co-located promote coherence and information sharing, although there are occasional tensions as a result of differing agendas. Negative incentives can result from having to use ministry systems and resources that may not be ideal. For example, MFAT security requirements impose restrictions on locally employed staff that can be alienating.

NZAID's regional and bilateral programme budgets are "multi-year appropriations", which allow a level of under or over-expenditure within a financial year. This removes the incentive to expend budgets fully and in haste at the end of a financial year and provides a more positive incentive environment for staff and partners to focus on aid effectiveness issues.

A recent audit review of NZAID has identified significant but unrealised risks around some contract and financial management processes, and addressing this has become an important focus of senior management. It will be important that measures to manage these risks allow appropriate flexibility in programme management practice to achieve Paris Declaration implementation and effective development outcomes.

Individual level incentives (e.g. performance plans and remuneration, and professional development) which encourage staff to implement the Paris Declaration are not consistent

across NZAID. Paris Declaration commitments feature strongly in many but not all group operational plans, and were noticeably absent from the Management Services Group plan. Paris Declaration implementation could be enhanced by examining and aligning the incentives for these staff.

The different forums provided by the agency for sharing and accessing knowledge, skills and competencies around aid effectiveness are recognised and appreciated by staff in Wellington and at posts. There is scope for providing more training and development opportunities to support implementation of the commitments on managing for results and mutual accountability and new modalities such as SWAps. The Strategy, Advisory and Evaluation Group plays an important role in Paris Declaration related briefings, in-house training, assisting regional processes and developing aid-effectiveness tools. It will be important that opportunities for locally engaged staff and management services staff to contribute to programming and add value to implementing Paris Declaration commitments continue to increase.

Conclusion

NZAID is well regarded for its leadership role in promoting the PD commitments by partner countries and donors alike. Overall, there is good alignment between NZAID leadership, its organisational culture and the Paris Declaration, with many areas of strength based on good practice and values preceding the Paris Declaration. NZAID extends the partnership commitments beyond bilateral relationships to its engagements with NGOs, regional organisations and multilaterals.

There is a willingness within NZAID to look for ways to improve performance further, particularly in the area of managing for results which is increasingly becoming a focus for staff. A mainstreamed approach allows flexibility and enables individuals to play to their strengths. It can however, result in an ad hoc approach to implementation, particularly where there is not a clear definition of roles and where structures for information sharing are weak. There is also scope for better harnessing the expertise of all staff from across NZAID, and for enhancing the implementation of the Paris Declaration commitments, particularly those on alignment.

The relevance and applicability of the Paris Declaration commitments in fragile states is considered less clear and more problematic. There is also sufficient reason to be cautious in terms of using the indicators and targets as aid effectiveness goals in a number of situations.

To strengthen the Agency's good overall performance with regard to implementing the Paris Declaration commitments, the following recommendations are made in the report:

1. NZAID should continue to provide leadership and strengthen capacity and incentives to promote implementation of all the PD commitments, especially with regard to managing for results and mutual accountability

by: including organisational requirements in the Organisational Development Framework (ODF); including monitoring of implementation in the organisational performance framework; and providing staff with targeted tools, training and policy guidance.

2. NZAID should continue with a bottom-up approach to implementing the Paris Declaration commitments based around the Agency's core values and culture.
3. NZAID should formalise mechanisms to ensure the interface between programming and corporate support is improved and supported with a clear policy position, appropriate organisational structure and realistic resourcing.
4. NZAID's ODF should recognise the importance and benefits of devolution and provide a clear process for achieving it that includes milestones, including those relating to delegations, the establishment of standardised systems at Posts for procurement, contract and financial management, and enhanced training for post staff.
5. NZAID should reduce dispersion and diffusion of its programming by: clearly defining its comparative advantage and priority areas for programming; strengthening guidelines and criteria for rationalising programmes through strategy review and development processes; critically examining aid modalities and alternatives to large numbers of small grants and contracts; and building organisational capacity and capability to match.
6. NZAID should ensure staff are provided with specialist support in order to make a valuable contribution to gender policy discussions with partners, with a particular focus on sectors where NZAID plays a significant role in policy dialogue.
7. NZAID should provide increased support to partner countries to manage and coordinate Technical Assistance themselves, and ensure TA is not reduced to inappropriate capability gap filling.
8. NZAID should continue to adopt a flexible approach to achieving development effectiveness and incorporate appropriate aid effectiveness indicators into its performance framework to ensure progress can be monitored.