

International Development Cooperation unit,
National Treasury

Evaluation of the Implementation of the Paris Declaration: Case Study of South Africa

Executive Summary

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Introduction

This evaluation has been carried out as per the strict instructions provided in the Terms of Reference. Thus, the **specific purpose** of the evaluation was to assess what constitutes better practices for partner country and Development Partner behaviour with regard to implementation of the Paris Declaration. The key research questions the evaluation team addressed were: 1) How useful is the Paris Declaration as a tool for aid effectiveness? 2) Have there been noticeable changes in Development Partner behaviour? 3) Have there been noticeable changes in partner country behaviour? In addition, the team sought to capture emerging aid effectiveness process results and outputs. The data referred to in this study were obtained by means of an electronic questionnaire completed by fourteen representatives of the South African Government and 20 Development Partners; a workshop attended by 44 representatives (24 government officials from thirteen national government departments and from three provinces and 20 Development Partner representatives from fifteen agencies); forty-two completed in-depth interviews, the review of relevant documentation, and a findings verification workshop attended by 36 representatives (sixteen government officials and 20 Development Partner representatives).

Key Findings

Assessment of the Paris Declaration

Whilst most respondents found the Paris Declaration relatively clear, certain aspects of each of the five Paris Declaration principles require further clarification. Respondents have also proposed that many of the **indicators** require further clarification in terms of definition and/or measurement. There is a need to broaden the definition of **Ownership**. The present definition, which only assesses the existence of a national development strategy, is simply an inadequate measure of ownership. There is a need to take greater cognisance of civil society in a broader definition. Although there is a solid under-

standing of **Alignment**, many were of the view that more work is needed to determine the level of desired alignment in the South African context. This will require a locally adjusted flexible measure of alignment which will need to examine critical issues such as why Development Partners are reluctant to use South Africa's robust Public Finance Management systems and the desirability of Programme/Project Implementation Units in certain instances.

More work is also required to determine the level of desired **Harmonisation** in the South African context. Again, there is a sound understanding of the need for harmonisation, but many respondents feel that there is too much emphasis on procedures and not enough on sustainability. There is a need for more emphasis on activities and processes that will enhance capacity-building and strengthen partner country institutions (e.g. skills transfer). Confusion persists over what both **Managing for Results** and **Mutual Accountability** mean, but this has not prevented respondents from recognising the importance of both. There is a high expectation amongst both partner country and Development Partners that the national Government-wide M&E System will fill this noticeable gap in South Africa. Whilst annual consultations are seen to be a good example in the South African context of mutual accountability, there is a feeling that the definition should be expanded, and at the same time other more inclusive mutual accountability processes such as cluster forums could be explored. The Paris Declaration is seen to be extremely relevant for South Africa in all respects. This is demonstrated by the strong government ownership of the development agenda in South Africa. However, at provincial/local level Official Development Assistance (ODA) is often seen as an "add-on", and thus these officials do not always see the relevance of the Paris Declaration. Moreover, the ongoing absence of meaningful interaction with the Paris Declaration by key stakeholders such as Civil Society Organisations does raise the question: "To whom is the Paris Declaration relevant?" Most respondents would agree that whilst the Paris Declaration is a robust docu-

ment, it could be strengthened to become more coherent. In particular, locally adjusted definitions are required to ensure that the Paris Declaration speaks to partner country contexts and eliminates existing contradictory practices, such as instances where Development Partners exhibit good practice by harmonising, but without partner country leadership this can be perceived to undermine the Paris Declaration commitment of ownership.

Assessment of Development Partner Behaviour Commitment

At a more general level, many Development Partners were familiar with Paris Declaration issues. Levels of commitment to operationalise the Paris Declaration varied according to Development Partner. At HQ level, the majority of Development Partners had signed the Paris Declaration by 2005. A significant proportion of some Development Partners had demonstrated their commitment to the Paris Declaration through the development of Paris Declaration-related policies, strategies and guidelines that govern their development cooperation with partner countries.

- *Ownership:* Development Partners acknowledge the strong leadership demonstrated by South Africa. South Africa has participated in the development of Development Partners' country strategy documents. However, Development Partners raise concern that South Africa's strong ownership may potentially have a negative impact on role of Development Partners in some areas of the Paris Declaration.
- *Alignment:* On the whole, the majority of Development Partners align to South African development priorities. However, few (typically those Development Partners who provide relatively small amounts of ODA to South Africa) make use of South Africa's country systems. Reasons given by Development Partners for not using South Africa's systems include concern by Development Partners and some departments that use of country systems delays the speedy implementation of projects and the Development Partner HQ directive to field staff not to use systems. Tied aid still remains a common phenomenon in South Africa.
- *Harmonisation:* Harmonisation in South Africa remains problematic. There is limited appreciation of the rationale for harmonisation and its distinction from alignment. Harmonisation among Development Partner groups continues without partner country leadership and is thus not healthy for development results. However, examples of good harmonisation practice can be found from which to draw lessons for improved harmonisation in South Africa. Examples include the Urban Environment Management Programme and Masibambane, the Water and Sanitation SWAP.
- *Managing for Results:* Development Partners in South Africa have exhibited positive behaviour regarding managing for results, having worked well with South Africa on

achieving set targets, including capacity building efforts in M&E within the broad partner country system. Development Partners are assessed according to their results by their HQ, and therefore value operationalisation of this Paris Declaration principle.

- *Mutual Accountability:* Whilst Development Partners have demonstrated some commitment to this principle, information on aid flows continues to be poor and unclear, which suggests more could be done to ensure that both South Africa and Development Partners can account effectively for development resources and thereby ensure greater transparency between Development Partners and partner country.

Capacities

Alignment: There is a need for Development Partners to enhance their field staff capacities for effective alignment to South Africa's Development Priorities. Some Development Partners' field staff have limited orientation on South Africa's overarching development frameworks and Paris Declaration principles. *Managing for Results:* The majority of the Development Partners in South Africa practise appropriate behaviour in supporting South Africa to improve capacity in managing for results. Capacity building for most Development Partners is a cross-cutting element for project/programme support.

Incentives

Incentive systems for Development Partners exist which can motivate field staff to operationalise Paris Declaration principles. Paris Declaration issues for most Development Partners are mainstreamed in performance appraisal tools or employment contracts. On the other hand, Development Partners noted a wide range of disincentives related to Paris Declaration principles. These include visibility issues, HQ requirements on field staff to report on agency specific results, and the concern by Development Partners to continue to have one-on-one interaction with partner country senior officials. Incentive systems should be used by Development Partners to fulfil their obligations for the operationalisation of the Paris Declaration principles. In areas where Development Partners have not performed very well (alignment and harmonisation), there is need for Development Partners to put in place incentives that will trigger improved implementation of the Paris Declaration, revisit existing disincentives, and manage the risks posed by these disincentives (this could include strengthening partner country systems – such as the Public Finance Management system, reporting systems, procurement modalities and so on).

Assessment of Partner Country Behaviour Commitment

- *Ownership:* South Africa demonstrates strong ownership at national level where the Paris Declaration is used as a tool to assert partner country leadership and manage Development Partner relations. Ownership is, however, not equally strong at all provincial and all municipal levels.

Efforts to decentralise ownership are evident with the establishment of ODA coordination structures within departments and the nine provincial Offices of the Premier. These efforts should be continued and supported. The role of the Civil Society Organisations remains unclear and their participation very limited – a gap that needs to be addressed.

- *Alignment:* South Africa insists on alignment to national priorities and the use of country systems at national level. However, where ownership is weak at sub-national levels, so usually is alignment. A few Development Partners are known to take advantage of the weaker ownership to push their agendas, rather than aligning to partner country priorities. There is a tendency for some officials to request the use of the Development Partners' systems as a result of various barriers or disincentives. The use of the country procurement system may therefore not always be the most appropriate. Whilst all aid needs to be recorded by National Treasury, some departments do not report on "in kind" assistance as they feel that they cannot account for it. Thus, measuring the full impact of aid toward development will be impossible. The appropriate degree of flexibility required for alignment within the South African context needs to be determined.
- *Harmonisation:* While the Development Partners are frustrated by the lack of a national Development Partner coordination forum, partner country does not see the need for one. A mutually agreed way forward needs to be debated by both parties. Despite the debate, increased harmonisation, as well as the shift towards making greater use of the cluster system, is evident. However, inter-departmental coordination continues to be weakened by continued 'silo' thinking and capacity issues. The current International Development Cooperation structure also does not support the cluster approach because it is organised according to Development Partners rather than clusters and sectors. Its structure should be reconsidered. South Africa plays a critical development support role in the region. However, it struggles to effectively harmonise this regional role as interventions are often loosely coordinated and not budgeted for, thus putting pressure on participating Departments. One suggestion is that a coordinating unit within the Department of Foreign Affairs guided by a policy is established. Further research should be conducted on whether there is broad agreement on this suggestion and whether such a unit is feasible within the existing structure of the Department of Foreign Affairs.
- *Managing for results:* South Africa has introduced results-based frameworks across all government levels, and it is now a requirement for all departments to report against the Programme of Action.
- *Mutual accountability:* Mechanisms exist but could be strengthened and greater participation by departments

encouraged. The Development Cooperation Information System website is being redesigned from a database to a web-based strategic management system. In its current state it is not providing complete and quality data for mutual accountability.

Capacity

South Africa demonstrates strong ownership/leadership capacity, particularly at policy and strategic level, but not across all departments or all provincial and municipal levels. Since ownership is critical to the effective implementation of the other Paris Declaration principles, it is important that the ODA operational plan addresses the issue of Paris Declaration awareness and technical skills gaps, including project management, coordination, time management, MTEF and budgeting skills. Development Partners should support capacity building, one way being appropriate Technical Assistance that meets the good practices outlined in the report. Partner country has started the considerable task of training its many public officials in Results Based Management Approach. Capacity issues also affect the International Development Cooperation directorate where high staff turnover and the many responsibilities for the relatively small team create the sense that it is overburdened. Official Development Assistance coordinators themselves require more capacity building in ODA management skills. The ODA operational plan will need to specifically address these various capacity issues.

Incentives

While no specific, formal incentive framework exists for officials to implement the Paris Declaration, it may be useful to clearly link the Paris Declaration principles to partner country performance appraisals. Many partner country respondents felt that material incentives are unnecessary, since the desire to improve aid effectiveness and achieve the development priorities should be sufficient. However, it seems that many disincentives and barriers exist for partner country to implement all five elements of the Paris Declaration. Many of them are linked to bottlenecks in implementation due to the weak capacity and low skill levels amongst those implementing current procurement procedures, poor supply chain management, and/or overburdened officials who see ODA as a costly headache. It is critical that these barriers are appropriately addressed and the incentives for implementing the Paris Declaration are strengthened.

Conclusion

This first phase evaluation of the implementation of the Paris Declaration in South Africa found that there is strong "buy-in" to the Paris Declaration, even though partner country leadership of initiatives to tackle development priorities is uneven across different levels of government. Moreover, there is a widely held perception that whilst partner country has emphasised Ownership, Alignment and Harmonisation, Development Partners have instead focused their efforts on the interlinked commitments of Managing for Results and Mutual Accountability. Nevertheless, it is important to note that

the transition process has only just begun and good practice examples can be found with respect to all five Paris Declaration commitments, and South Africa is making good progress towards realising the ambitious goals of the Paris Declaration. To accelerate the process, an *Aid Effectiveness Operational Plan* should be developed in order to coordinate and consolidate a coherent and common approach to resolving the remaining challenges facing aid effectiveness in South Africa.

Recommendations

The main recommendation of this review is that there is a critical need for an *Aid Effectiveness Operational Plan* to be developed. Such a plan would clarify the existing structure/organisational arrangements, outline how capacity will be strengthened within the existing structures, and present a timeline for resolving outstanding challenges highlighted in this and earlier aid effectiveness studies in South Africa. An *"Aid Effectiveness Operational Plan"* could also identify ways in which Technical Assistance can be provided so that local capacity is built. Over time it would be hoped that such a plan would ensure greater responsiveness to implementation agencies (in particular provincial and local government). The plan would need to accommodate the recommendations, raised in this report, grouped under the Paris Declaration's five commitments as follows:

Ownership

- Where appropriate and applicable, relevant partner country institutions (especially in certain provinces and at local government level) need their capacity strengthened to ensure they can exercise effective ownership of the entire aid-management process.
- Need to explore and clarify the role of Civil Society Organisations within the Paris Declaration context.

Alignment

- Ensure Development Partners align their support to cluster priorities, formal institutions, definitions used by partner country, formal communication structure and so on.
- Encourage Development Partners in South Africa to advocate for policy changes regarding the use of country systems with their respective HQs.
- South Africa takes the lead in promoting increased use of partner country's systems and exploring the Development Partners' role in strengthening South Africa's systems to make them more efficient and effective.
- Development Partners should not undermine systems if they are not "good" enough, but strengthen them.
- Alignment needs to be addressed at a HQ and political level.

Harmonisation

- Establish a clear framework driven by partner country for managing and coordinating the division of labour.
- The national Development Partner coordination issue needs to be debated further by partner countries and Development Partners to clarify both the fears and motiv-

ations for and against such a forum: What is the gap and how can it be filled? How should the division of labour be decided?

- The International Development Cooperation needs to consider restructuring according to cluster lines, and the relationship between international relations and ODA should be discussed.
- There is need to hold more regular Development Counselor and ODA Coordinator Forums and establish Cluster ODA Forums to ensure ODA effectiveness.
- Further research is needed to establish the desirability and feasibility of a coordination unit for regional ODA, and collaboration needs to be established within Department of Foreign Affairs.

Mutual Accountability

- Develop mutually agreed framework on modalities for reporting on results; such a framework would specify the means, identify roles and responsibilities and reporting schedule, and would be aligned to the new Government-wide Monitoring and Evaluation System and existing departmental M&E systems.
- A deeper, common understanding of mutual accountability needs to be developed by Development Partners and partner country through debate (and lead to the development of structured learning opportunities to share examples of good practice and lessons learnt from within South Africa and from Development Partners' experiences elsewhere in the developing world).
- The efforts to upgrade the Development Cooperation Information System should continue and receive sufficient capacity and resources to help speed up the process.