

Ministry of Foreign Affairs/Danida

# Evaluation of the Implementation of the Paris Declaration: Case Study of Denmark

## Executive Summary

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The team's work has benefited greatly from the support provided by the Evaluation Department of Danida and the comments of the Reference Group, for which the team is grateful.

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.

**Ministry of Foreign Affairs/Danida**

### Evaluation Summary/June 2008

#### Evaluation of the implementation of the Paris Declaration (Phase 1): Case study Denmark

##### Introduction

The Paris Declaration on Aid Effectiveness of March 2005 came into being with a view to further accelerating the achievement of the Millennium Development Goals. It conveys the 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 Millennium Development Goals.

The Paris Declaration is based on five key principles: ownership, alignment, harmonisation, managing for results and mutual accountability. The principles of the Declaration agenda have become an important feature of Danish development administration. Many of the ideas figure prominently in policy documents and guidelines issued to embassies. Decentralisation of the management of the Danish development co-operation means that embassies are engaged in "field-based

management" and able to take decisions in line with the intentions of the Declaration.

This study took place between June and December 2007 and was commissioned by the Danish Foreign Ministry as part of the wider evaluation of the Paris Declaration launched in 2006. The evaluation focused on three main areas: (i) commitment to and ownership of the Paris Declaration by Danida, (ii) capacity and capacity building issues as indicated by human resource capacity considerations, structural challenges, financial resource constraints and policy focus, and (iii) incentives to apply the principle of the Paris Declaration, including staff performance and career pathways.

##### Overall Conclusions

Reflecting the general tendency among donor organisations, not all five Paris Declaration principles are given equal attention by Danida. The focus has been on harmonisation and alignment issues. Ownership, management for develop-

ment results and mutual accountability – in that order – are given less attention. There are good reasons for that, as these areas are those where most uncertainty prevails as to what the Paris Declaration means and what the implications are for the individual Development Partners. The focus by Danida has been on 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.

The perception of what is being done and what could be done to implement the Paris Declaration varies considerably according to where one is placed in the Danida system. In particular, the evaluation found a marked difference between the opinions of the embassy staff and those at headquarters level responsible for system and policy development. The overall impression, however, is one of strong support for the principles of the Paris Declaration, whether at the level of the headquarters or that of the embassies. The main challenges highlighted by the respondents are those related to the capacity constraints on the part of the partner countries plus the often time-consuming donor harmonisation and coordination.

### Leadership/Commitment

All respondents at headquarters as well as embassy level found the Paris Declaration and the instruments proposed for improving the effectiveness and sustainability of aid relevant and useful. All embassies reported that major efforts are being made to adapt existing and upcoming programmes to the Paris principles, i.e. to align programmes to government priorities and to intensify the division of work among Development Partners. However, the circumstances under which this takes place vary considerably between countries. According to several embassies, capacity constraints on the part of the partner governments, sometimes combined with a lack of interest in the Paris agenda, are impeding the alignment effort. This occasionally leads to situations where the wish to promote achievement of the Millennium Development Goals has to be balanced against the desire to strengthen partner country responsibility and ownership.

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 Declaration. Concurrently, 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 are features of Danish development cooperation commonly accepted by the Danish Parliament. Neither the Danida management nor the non-Danida informants anticipated a marked increase in the Danish provision of General Budget Support, but several respondents expected that the use of sector-budget support and basket funds based on Sector Wide Approaches will increase markedly, as it is considered a more conducive platform for sector policy dialogue and targeting of assistance than General Budget Support.

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. While admitting that embassies have to deal with a large number of “priority issues”, the Danida management maintained that the demands are manageable if addressed as integral parts of the mainstream activities. The focus on harmonisation and alignment may have reduced the transaction costs for partner governments, but the responses to questionnaires and interviews at embassy level conducted as part of this evaluation indicate that this is not (yet) the case on the side of the Development Partners. All embassies reported that the workload has increased substantially in the wake of the Paris Declaration. Donor coordination was reported to be especially time-consuming – mainly as a result of the proliferation of coordination forums. The Danida management suggested that this is a temporary phenomenon that will be resolved once the full effect of the Joint Assistance Strategies and the corresponding donor concentration is evident.

Several interviewees found that cross-cutting issues tend to be something that primarily engages donors – and possibly civil society. This indicates the political dimension of aid. While acknowledging that the cross-cutting issues are, of course, subjected to Paris principles and must be aligned to government policy, only a few people understand intuitively how cross-cutting issues can contribute to the implementation of the Declaration. Thus, the possible linkages between the Paris declaration and cross-cutting issues could be further developed in order to enhance the understanding and practical application.

### Capacity Challenges

Overall levels of staff knowledge and understanding of the Paris principles are very high both at headquarters and embassy level. There are clear indications that the majority feel comfortable with the Paris principles and that they have sufficient knowledge and understanding of the Declaration.

The embassies find the present degree of autonomy sufficient to allow for an adequate and prompt response to the thrust towards enhanced alignment and harmonisation. But a considerable number of respondents called for more backstopping and coaching from the headquarters and more attention to experience-sharing among embassies. Whilst the Danida Quality Assurance Department and the Technical Advisory Service are already providing such services, the reaction from the embassies indicates that the demand exceeds what is presently available. There was a marked need to especially 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 Paris Declaration.

Several respondents found that they were not sufficiently skilled to take on the new roles as required, for instance concerning the function as lead donor in a sector. In nearly all instances it was felt that the available human resources are insufficient compared to the tasks associated with implementation of the Declaration. Some respondents argued that this tends to put additional pressure on few key members of staff. This was, by some, attributed to increasing and changing demands placed on the embassy staff. It was noted that skills required to implement the Paris agenda were markedly different from those required in the past. The responses and comments suggest 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 sector-relevant policy expertise. An increased need for key competences such as negotiation and management skills was also noted, and it was suggested that future postings should take account of both the required expertise and the combinations of staff at each embassy.

The decentralisation process implies that, today, Denmark relies more on local staff for implementing programmes. This calls for more systematic competence development for this particular group.

### Incentives and Results Management

Staff performance and career pathways were found to be sensitive issues. The suggested reason was insufficiently defined performance assessment criteria and thus career paths, particularly concerning fulfilment of the Paris principles. Many stated that the 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, while considered important by the Danida management, fulfilment of the Paris principles is only one parameter against which the personnel's performance is being evaluated.

As regards the performance management system there are different perceptions of how useful it is to facilitate implementation of the Paris Declaration. 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. The Quality Assurance Department, on its side, emphasised that alignment and harmonisation issues are actually given considerably more attention in the 2007 results contracts than before.

### Recommendations for the Future

Based on the above findings, the evaluation contains the following recommendations:

- The Danida management should more clearly indicate how the potential dilemma between the objective of aligning to national policies and systems and the equally important desire to achieve the Millennium Development Goals should be addressed under circumstances of inadequately functioning government structures in partner countries.
- The Danida headquarters 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 enhancing mainstreaming of these issues.
- 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 essential.
- Monitoring and reporting routines should be synchronised with those of the partner country and other Development Partners to the highest extent possible.
- Danida should, when monitoring the embassies' performance, pay more attention to the issues of "mutual accountability" and "management for results".
- 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. Furthermore, Danida should pay more attention to and make use of experiential learning at embassy level.
- 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 Declaration.
- 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.
- The Ministry of Foreign Affairs should define more clearly, and in a transparent manner, the career pathways and staff assessment practices, and ensure that these take account of parameters related to the aid effectiveness agenda in a more explicit fashion.
- The Performance Management System should be further elaborated to address issues related to "mutual accountability" and "management for results".