

**First Phase of the Evaluation of the
Implementation of the Paris Declaration
Country Level Evaluations**

FINAL REPORT

SOUTH AFRICA

April 2008

ABBREVIATIONS

ASGISA	Accelerated and Shared Growth Initiative for South Africa
BTC	Belgian Technical Cooperation
CCA	Common Country Assessment
CD	Capacity Development
PCAP	Country Programme Action Plan
CPCAP	Common Country Programme Action Plan
CSO	Civil Society Organisation
DAC	Development Assistance Committee: OECD
DEAT	Department of Environment and Tourism
DCIS	Development Co-operation Information System
DFID	Department for International Development
DP	Development Partner
EC	European Commission
EU	European Union
GEAR	Growth Equity and Redistribution
GTZ	Deutsche Gesellschaft fuer Technische Zusammenarbeit
GWMES	Government-Wide Monitoring and Evaluation System
HQ	Headquarters
IDC	International Development Co-operation: National Treasury
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
NT	National Treasury
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PBA	Programme Based Approach
PC	Partner Country
PD	Paris Declaration
PIU	Programme/ Project Implementation Unit
PFM	Public Finance Management
POA	Programme of Action
RBM	Results Based Management Approach
RDP	Reconstruction and Development Programme
SA	South Africa
SIDA	Swedish International Development Agency
SWAp	Sector-Wide Approach
TA	Technical Assistant (s)/ Technical Assistance
ToR	Terms of Reference
UK	United Kingdom
UN	United Nations
UNDAF	United Nations Development Assistance Framework
USA	United States of America
USAID	United States Agency for International Development

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Executive Summary

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 in 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 was obtained by means of an electronic questionnaire completed by 14 representatives of the South African Government and 20 Development Partners; a workshop attended by 44 representatives (24 government officials from 13 national government departments and from 3 provinces and 20 Development Partner representatives from 15 agencies); 42 completed in-depth interviews, the review of relevant documentation, and a findings verification workshop attended by 36 representatives (16 government officials and 20 Development Partner representatives).

Key Findings

Assessment of the Paris Declaration

Whilst most respondents found the PD relatively clear, certain aspects of each of the five PD 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 understanding 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 DPs are reluctant to use South Africa's robust PFM systems and the desirability of PIUs 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 PC 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 PC and DPs 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 PD 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 ODA is often seen as an "add on" and thus these officials do not always see the relevance of the PD. Moreover, the ongoing absence of meaningful interaction with the PD by key stakeholders such as CSOs does raise the question: "to whom is the PD relevant"? Most respondents would agree that whilst PD is a robust document it could be strengthened to become more coherent. In particular, locally adjusted definitions are required to ensure that PD speaks to Partner Country context and eliminate existing contradictory practices, such as instances where DPs exhibit good practice by harmonizing, yet without PC leadership this can be perceived to undermine the PD commitment of ownership.

Assessment of Development Partner Behaviour

Commitment: At a more general level, many DPs, were familiar with PD issues. Levels of commitment to operationalise PD varied by DP. At the HQ level the majority of DPs had signed the

PD by 2005. A significant proportion of some DPs had demonstrated commitment to PD through development of PD-related policies, strategies and guidelines that govern their development cooperation with Partner Countries (PCs).

- *Ownership:* DPs acknowledge strong leadership demonstrated by the South Africa. South Africa has participated in development of DPs' country strategy documents. However, DPs raise concern that South Africa's strong ownership may potentially have a negative impact on role of DPs in some areas of the PD.
- *Alignment:* On the whole, the majority of DPs align to South African development priorities. However, few (typically those DPs who provide relatively small amounts of ODA to South Africa) make use of South Africa's country systems. Reasons given by DPs for not using South Africa's systems include concern by DPs and some departments that use of country systems delay speedy implementation of projects and DP 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 rationale for harmonisation and its distinction from alignment. Harmonisation among DP groups continues without PC leadership and thus is 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:* DPs in South Africa have exhibited positive behaviour regarding managing for results, having worked well with South Africa on achievement of set targets, including capacity building efforts in M&E within the broad PC system. DPs are assessed by results by their HQ, thus value operationalisation of this PD principle.
- *Mutual Accountability:* Whilst DPs have demonstrated some commitment to this principle, information on aid flows continue to be poor and unclear which suggests more could be done to ensure both South Africa and DPs can account effectively for development resources and thereby ensure greater transparency between DPs and PC.

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

Incentives: Incentive systems for DPs exist which can motivate field staff to operationalise PD principles. PD issues for most DPs are mainstreamed in performance appraisal tools or employment contracts. On the other hand, DPs noted a wide range of disincentives related to PD principles. These include visibility issues, HQ requirements on field staff to report on agency specific results and the concern by DPs to continue to have one on one interaction with PC senior officials. Incentive systems should be used by DPs to fulfil their obligations for the operationalisation of the PD principles. In areas where DP have not performed very well (alignment and harmonisation), there is need for DPs to put in place incentives that will trigger improved implementation of the PD, revisit existing disincentives, and manage the risks posed by these disincentives (this could include strengthening PC systems - such as the PFM 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 PD is used as a tool to assert PC leadership and manage DP 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 CSOs 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 DPs are known to take advantage of the weaker ownership to push their agendas, rather than aligning to PC priorities. There is a tendency of some officials to request the use of the DPs systems as a result 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 DPs are frustrated by the lack of a national DP coordination forum, the PC 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, interdepartmental coordination continues to be weakened by continued ‘silo’ thinking and capacity issues. The current IDC 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 (DFA) 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 feasibly within the existing structure of the DFA.
- *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 DCIS website is being redesigned from 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 PD principles, it is important that the ODA operational plan address the issue of PD awareness and technical skills gaps, including project management, coordination, time management, MTEF and budgeting skills. DPs should support capacity building, one way being appropriate TA that meets the good practices outlined in the report. PC has started the large task of training its many public officials in RBM. Capacity issues also affect the IDC directorate where high staff turnover and the many responsibilities for the relatively small team create the sense that it is overburdened. ODA coordinators themselves require more capacity building in ODA management skills. The ODA operational plan will need to concretely address these various capacity issues.

Incentives: While no specific, formal incentive framework exists for officials to implement the PD, it may be useful to clearly link the PD principles to PC performance appraisals. Many PC 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 for PCs exist to implementing all five elements of the PD. 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 PD are strengthened.

Conclusion

This first phase evaluation of the implementation of the PD in South Africa found that there is strong “buy-in” to the PD, even though PC leadership of initiatives to tackle development priorities is uneven across different levels of government. Moreover, there is a widely held perception that whilst PC has emphasised Ownership, Alignment and Harmonisation, DPs 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 PD commitments and South Africa is making good progress towards realising the ambitious goals of the PD. 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 (TA) 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 PD’s five commitments as follows:

Ownership

- Where appropriate and applicable, relevant PC institutions (especially in certain provinces and at local government level) need their capacity strengthened to ensure they can exercise effective ownership of the whole aid management process
- Need to explore and clarify the role of CSOs within the PD context

Alignment

- Ensure Development Partners align their support to cluster priorities, formal institutions, definitions used by PC, formal communication structure and so on.
- Encourage DPs in South Africa to advocate for policy changes regarding use of country systems with their respective HQs
- South Africa takes the lead in promoting increased use of PC’s systems and exploring the DPs’ role in strengthening South Africa’s systems to make them more efficient and effective
- DPs 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 PC for managing and coordinating division of labour.
- The national DP coordination issue needs to be debated further by PCs and DPs to unpack both the fears and motivations for and against such a forum: What is the gap and how can it be filled? How should division of labour be decided?
- The IDC 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 Counsellor 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 DFA.

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 to the new GWMES and existing departmental M&E systems.
- A deeper, common understanding of mutual accountability needs to be developed by DPs and PCs 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 DPs' experiences elsewhere in the developing world).

- The efforts to upgrade the DCIS should continue and receive sufficient capacity and resources to help speed up this process.

1. Introduction

South Africa is a country of contradictions and stark contrasts, with the first world technological advancement and high living standards on the one hand and large areas of extreme poverty and deprivation on the other¹. Since 1994 South Africa's economic performance has been relatively impressive. Key features include an annual growth rate since 2003 of about 5%, a revenue collection and fiscal management system considered to be one of the best in the world, a balanced budget and very low levels of debt.

Whilst South Africa has been successful in developing a robust and stable economy, the impact on society has been less successful. SA's gini coefficient (58) is one of the highest in the world, unemployment hovers at around 26%, the HIV and AIDS prevalence rate is 19% (one of the highest in the world), land distribution is also one of the most unequal in the world with 85% of the land in the hand of 55 000 white farmers, 53% of the population of 47 million account for less than 10% of total consumption and female-headed households have a 50% higher poverty rate than male-headed households leading to what many observers have noted as a dual economy in SA. The existence of both a First and Second economy thus distinguishes South Africa from a typical middle-income country.

Nevertheless, despite the enormity of the backlogs the South African Government has been making encouraging progress in its drive to transform South Africa. South Africa has followed a coherent and structured approach to tackling poverty by integrating it into sectoral policies, strategies and budgetary allocations. Government has also issued a ten-year *Programme of Action* (POA) for Sustainable Growth and Development. The vision for 2014, the second decade of a democratic South Africa, includes the entrenchment of democracy, the creation of a truly non-racial and no-sexist society, eradicating poverty, instilling safety and security, establishing an efficient and effective functioning democratic state and contributing to the African Renaissance.

In July 2005, President Mbeki placed Deputy President Mlambo-Ngcuka in charge of the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA), which aims to catapult the South African economy to 6% GDP sustainable growth through such measures as job creation, infrastructure development, youth and skills development. The expectation is that this initiative will accelerate the pace of growth, advance the involvement of the marginalised through expanded job creation and the promotion of sustainable livelihoods, maintain and expand the social security net, improve the effectiveness of the developmental state, and build regional and international partnerships to strengthen growth and development. In turn this will bridge the divide between the dual economy and thus bring about the eradication of poverty and a reduction in inequality.

Through prudent management of the economy South Africa's resource envelope has expanded considerably – thereby lessening the need for external loans that are almost always accompanied by externally imposed aid modalities such as PRSPs and World Bank loans. South Africa has largely succeeded in maintaining macroeconomic stability and has moved towards a more growth-oriented fiscal stance. Within this framework, policy is being directed towards strengthening micro-economic reform initiatives, thereby creating an enabling environment for economic growth and employment. These initiatives have to be complemented by reforms in the regulatory frameworks, tax revisions, the restructuring of state assets, maintenance of inflation targets and in other areas.

South Africa is a powerful emerging democracy that has striven during its first decade of democracy to overcome the legacies of poverty, inequity and bad governance that were left after the demise of

¹ Information drawn from United Nations (2007). *Towards achieving sustainable growth and development through Vision 2014: The United Nations Development Assistance Framework for South Africa, 2007 – 2010*; OECD data, World Bank's Country Brief, Marzo et al. (2007) *South Africa: a SWOT analysis*; Folscher, A. (2007) *Putting Aid on Budget*. A Study for the Collaborative Africa Budget Reform Initiative (CABRI) and the Strategic Partnership for Africa (SPA).

the apartheid state, based on the principles set out in the Constitution of South Africa². South Africa is a middle-income country, a regional powerhouse and an important player on the global stage. In this regard, South Africa served as Chair of the Non-Aligned Movement (NAM) from 1998 to 2003. South Africa was a co-founder of the India, Brazil South Africa Dialogue Forum (IBSA), which works actively to strengthen South-South Co-operation in international fora. South Africa also championed the establishment of the New Partnership for Africa's Development (NEPAD), which promotes the strengthening of partnerships amongst African countries themselves and with the African continent as a whole.

South Africa has been playing an important role in taking forward the new global development agenda. It has made important contributions to the UN Reform process and is playing an active role in the OECD/DAC's Joint Venture on Monitoring the Paris Declaration. South Africa is fully aware of the issues related to aid effectiveness that are currently being debated, and in its interactions with its Development Partners has been consistent in stressing the importance of national ownership of the development process. This insistence is based on the expectation that Development Partners will take seriously their Paris Declaration commitments, and will ensure that their country programming is fully harmonised and aligned with South Africa's development agenda.

1.2. General evaluation context

This evaluation has been carried out as per the strict instructions provided in the Terms of Reference (see annex 1). Thus the **specific purpose** of the evaluation was to assess what constitutes better practices for Partner Country and Development Partner behaviour with regards to implementation of the Paris Declaration.

The key research questions the evaluation team addressed were:

- How useful/ effective is the Paris Declaration as a tool for aid effectiveness?
- Have there been noticeable changes in Development Partner behaviour?
- Have there been noticeable changes in Partner Country behaviour?

In addition the team sought to capture emerging aid effectiveness process results and/or outputs to ensure that implementation lessons with respect to aid effectiveness were identified and thus shared. With respect to this emphasis on learning the following twin questions were also addressed:

- Are we doing the right things in South Africa with respect to aid effectiveness, and
- Are we doing things right?

The **objectives** of the evaluation, as specified in the ToRs were:

- To deepen the understanding of the lessons emerging from the Paris Declaration's baseline survey conducted in 2006.
- To facilitate global learning on aid effectiveness and to facilitate a more efficient implementation of the Paris Declaration by the evaluated countries.
- To make specific recommendations to the evaluated countries and to the global aid community for improving aid effectiveness.
- To provide the basis for the second phase of the evaluation.

1.3 Country-specific evaluation context

South Africa might be considered a minor aid recipient within the broader field of bilateral and multilateral development support, but it nevertheless has chosen to play a leading global role in ensuring that Development Partners and partner countries engage in a fruitful manner to bring about

² The Constitution of South Africa, together with the Bill of Rights, was adopted in 1996.

greater aid effectiveness. The rationale for South Africa taking this lead is its desire to both utilise aid in the most effective manner to maximise its impact, as well as more broadly to ensure a more equitable arrangement for other developing countries that are more aid dependent. Moreover, South Africa also firmly believes that an improvement in aid effectiveness will enable it to better promote the regional agenda and ensure the success of NEPAD. It is for these reasons that South Africa volunteered to participate in this first phase of the evaluation of the Paris Declaration.

As a middle-income country, and one that is not aid-dependent, SA registers annual ODA flows of less than 1% of its GDP (in 2005 this amounted only 0.3%). Typically much of the aid received is in the form of technical assistance and/or “in-kind”. Nevertheless, whilst ODA is a minor element of the South African budgeting process, the emphasis remains in South Africa to ensure that this small but important augmentation of national revenue is utilised in the most effective manner³. The International Development Cooperation Unit (IDC) in National Treasury coordinates all aid flows, and is part of the budget coordination division (as opposed to Public Finance division) of National Treasury. Within each National government Department and the nine provinces there are Development Partner coordination units, albeit of uneven efficacy and efficiency, which assist in this coordination of DPs. No direct budget support is provided to South Africa, instead much of the ODA received in South Africa is in the form of cash grants and technical assistance (TA). Roughly a quarter of government-sector aid makes use of programme-based approaches, formalised SWAs can be found in the Water and Sanitation Sector, the Justice Sector, Health Sector and at the provincial level (Eastern Cape). Trilateral aid arrangements are on the increase as South Africa increasingly becomes a leading regional player across the African continent and also because many Development Partners (as a result of South Africa’s high middle-income country) are shifting their assistance from more traditional aid programmes to more innovative regional initiatives.

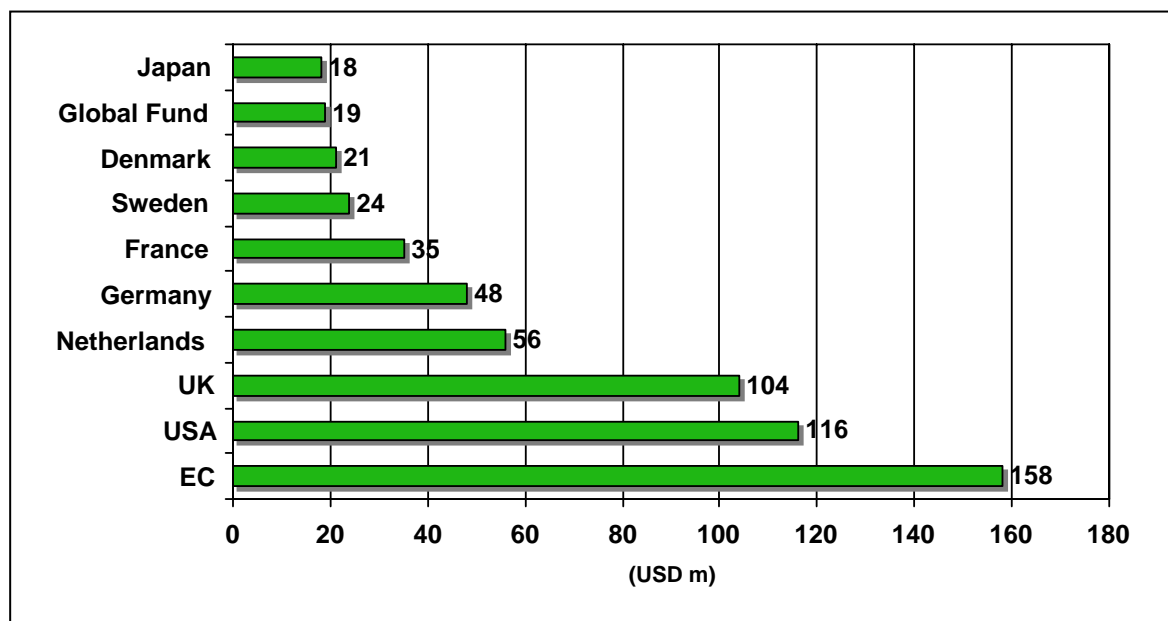


Figure 1: Top Ten Development Partners of gross ODA, 2004 - 2005 (Source: OECD)

Top ten Development Partners of gross ODA are depicted in the graph above (Figure 1). These are the official figures as provided by the OECD and do not reflect the considerable amount of ODA that is received by South Africa that is currently not reflected in the country’s *Estimates of Expenditure*. In terms of bilateral ODA per sector, the two largest recipients are Education and Health (42% in total) which, when combined with other social sectors, equates to approximately two thirds of the ODA

³ Previous evaluations conducted in South Africa have found evidence of ODA typically being earmarked for innovative pilot projects (i.e. initiatives not usually funded by the fiscus) thus creating an important “leverage effect” whereby new ideas can first be tested before being rolled out across the relevant sector.

received (65%). The Economic Infrastructure and Services sector is the next largest recipient of ODA (receiving 15% of the total ODA). It should also be noted that South Africa sees itself as both a recipient of ODA and a provider of ODA, particularly across the African continent. South Africa's role as an emerging Development Partner is still being defined, but this will in the future shape South Africa's already complex relationship with ODA.

Four previous aid effectiveness studies conducted recently in South Africa have identified a number of common major achievements and challenges with regards to the implementation of the PD. The first, *The High Level Forum on the Harmonisation for Aid Effectiveness in South Africa*, noted that South Africa was doing well in terms of "developing, guiding and owning its strategy for development and growth", had robust PFMS, aid flows were well aligned to national priorities, and that mutual accountability was ensured⁴. However, key challenges include Development Partner reluctance to align to country systems (procurement modalities in particular), significant proportions of aid remained tied, limited use of PBAs, little evidence of joint missions and Results Based Frameworks remained in their infancy. The study concludes by making more than 20 recommendations, the most important of which included:

- The development of an overall ODA strategy, followed by better coordinated and relevant structures (with clear roles and responsibilities identified), implementation plans and an appropriate M&E framework
- Further research on an effective ODA model for national ministries and provincial government
- Building more ODA capacity
- Clarification work done on improving local understanding of PIUs, Technical Cooperation
- Re-orientating IDC to one where it was structured in terms of cluster/ sectoral lines as opposed to the present structure which is grouped around DPs
- Improved communication (and marketing) of ODA needed between the different levels in government and also between Development Partners and Partner Country (particularly in the provinces), primarily by strengthening and improving the DCIS.

Three other studies were then commissioned by IDC all of which went into greater depth on different aspects of these recommendations. The *Consultancy to Review, Advice (sic) and Update the Policy Framework and Operational Guidelines for the Management of Official Development Assistance* reviewed the existing management of ODA in South Africa and provided a series of technical suggestions strengthening the existing ODA guidelines for South Africa.

Emphasis of the review was placed on:

- ensuring appropriate structures, systems and processes,
- role of effective and efficient ODA units within ministries

A complementary study, *A Study on Developing a Guideline on Best Practices of ODA Management*, examined and ultimately proposed "good practices which could assist ODA coordinators in achieving aid effectiveness"⁵.

The key findings of this study was:

- the need for locally adapted management systems that address the individual needs of either ministries or provincial government (i.e. "one size does not fit all");
- roles and functions of ODA coordinators be clarified;
- information management should be strengthened and

⁴ Smith et al, 2006: 6.

⁵ Taft & Mlotchwa, 2007: 8.

- that “capacity development should be the cornerstone” of all ODA initiatives in South Africa.

The third related study, *A Study to Identify Best Practice Models of ODA Support to Capacity Development in South Africa*, provided a comprehensive overview of existing ODA capacity development initiatives and made a series of far reaching recommendations with regards to strengthening and improving existing initiatives and filling identified gaps.

This study also emphasised the need for:

- greater role clarification;
- the need to link implementation needs to capacity development;
- ensuring IDC was structured in a way that would make it more effective in responding to the needs of government clusters;
- comprehensive planning informed by knowledge shared from earlier interventions (usually through some form of M&E system) and
- that capacity development must be understood from a PBA/ system-wide perspective and the objectives of any CD initiative should be linked to performance management contracts .

Moreover, the study also found that “there is no blueprint for good practice in ODA capacity development”⁶. However, the report did note that the more successful initiatives display several common features including:

- being results-focussed (i.e. CD is directly linked to improved delivery of services by a department/sector),
- jointly planned by department and development partner (and is part of the departmental workplan),
- flexible in implementation and owned by the recipients.

All four studies flagged a number of common achievements in respect to implementing the PD, and had also noted certain key challenges facing the implementation of the PD. As one would hope for in a period of transition examples of good practice were found and valuable lessons were identified. Building on this earlier work this study assessing the implementation of the PD in South Africa reconfirms previously identified research findings, identifies new and innovative practices now being implemented in South Africa and provides a consolidated assessment of the right things being done, and which ones are being done right in South Africa to ensure aid effectiveness.

⁶ Kerscher et al., 2006: v.

2. Methodology

The data referred to in this study was obtained by means of an electronic questionnaire completed by 14 representatives of the South African Government and 20 Development Partners; a workshop attended by 44 representatives (24 government officials from 13 national government departments and from three provinces and 20 Development Partner representatives from 15 agencies); 42 completed in-depth interviews, the review of relevant documentation, and a findings verification workshop attended by 36 representatives (16 government officials and 20 Development Partner representatives).

2.1 Sampling

Selecting who to interview was guided by prioritising the Health and Environment Sectors. *Health* was chosen because it receives the most ODA (primarily for HIV and AIDS, but more recently TB and Malaria) and there has always been an ambivalent relationship between the recipients and the providers of ODA in this sector in South Africa. The *Environment* sector was chosen for the reason that global environmental change is now firmly in place as a global policy issue with large-scale and long-term social, political and economic implications. Development Partner (DP) funding (multilateral and bilateral) in the environment sector in South Africa, is an emerging priority. In respect to DPs, the primary focus was on DPs working in Health and/or Environment, with a secondary focus on major Development Partners (by size of ODA contribution) regardless of the sector they work in. In respect to *Government institutions*, the emphasis was on departments that operate in Health and Environment Sector, as well as departments that receive significant amounts of ODA (e.g. South African Police Service, Education). In respect to the *Paris Declaration*, the commitments of Alignment, Harmonisation and Managing for Results were prioritised as all three dimensions were raised as areas requiring further work by previous studies conducted in South Africa.

2.2 Data collection instruments

The data collection instruments used included an *Electronic Survey* (attached, annex 4); *discussion topics* addressed by small groups in workshop setting; *structured questionnaire* for interviews with representatives of South African government departments (see list of persons met, annex 2); *structured questionnaire* for interviews with Development Partner (see list of persons met, annex 2). In addition, data was also collected through the review of relevant literature (see references, annex 3).

2.3 Evaluation management

The Evaluation was coordinated by Ms E. Venter, Director in the International Development Cooperation unit, National Treasury. A reference group was established to guide the evaluation team. The group was representative of both Development Partners and South African Government, and also includes representation from Civil Society. The Study Team consisted of three members, namely Matthew J. Smith (Team Leader), Dr Neddy Matshalaga, and Kerstin Waddell.

2.3 Limitations

The limitations of these findings are what one would expect in a study of this nature, namely that the team relied on self-reporting by interviewees; there was insufficient time and resources to verify the evidence provided by respondents to the team; and that the team were assessing practices that are constantly changing and adapting as levels of understanding of the implications of the PD improve. These limitations have been managed to a large extent by triangulating the results (i.e. asking both DPs (Development Partner) and PC (Partner Country) respondents the identical questions and seeking documentary proof whenever possible) and seeking examples of the most recent practice (as opposed to using examples that are a more than a year out-of-date).

3. Assessment of the Paris Declaration

This chapter will seek to document the main criticisms of the Paris Declaration (PD), highlight the aspects of the PD which are perceived to be of enormous value and thereby assess the effectiveness of the Paris Declaration as a tool for aid effectiveness. Three different effectiveness dimensions will be assessed: clarity, relevance, and coherence.

3.1 Clarity

Drawing on the 2006 PD baseline survey conducted in South Africa, other studies exploring different aspects of aid effectiveness in South Africa, and the interviews conducted as part of this study this section first explores the perceived clarity of the PD commitments and then examines the perceived clarity of the indicators embedded within the PD.

Considerable efforts have been made by IDC, National Treasury to enhance knowledge and awareness of the commitments amongst government officials at both national and provincial level. These efforts include the production of a comprehensive manual (already in its second version) entitled *Policy Framework and procedural guidelines for the management of Official Development Assistance*; numerous workshops on different aspects of the PD, encouraging active participation (in both the formulation and implementation stages) in previous studies related to the PD, regular feedback sessions on the results of these studies and other knowledge sharing events (such as the annual bilateral consultations). As a result of these multiple interventions the awareness of the PD is relatively high as is the understanding of the key PD concepts. However, as discussed below, there is a sense that whilst many respondents were relatively clear about the theory behind the PD (i.e. why aid effectiveness is so important) they were less clear about how to put the PD into practice.

Overall, most respondents found the PD relatively clear, however there is perception amongst a third of DP respondents that the document as whole is far more prescriptive about DP behaviour than PC behaviour. For PC respondents there is general plea for greater clarity (and/or guidelines) on how the PD principles can be implemented “on the ground”. There is also a perception, as the following quote illustrates, that the PD is “Development Partner-driven”:

We find the language of the PD extremely patronising, if not offensive, especially in labelling developing/programme countries as “partners” in their own development. This totally negates the principle of ownership and leadership espoused in the same PD. This language is most probably a result of the Development Partner-driven nature of the PD⁷.

There is also a widespread perception that the Partner Country and Development Partners look at the PD through very different lenses. For instance, as shall be discussed in more detail in the section below, South Africa has placed considerable emphasis on ownership, and is concerned about the fact that many DPs continue to ignore significant aspects of both the Alignment and the Harmonisation commitment of the PD. Many DPs on the other hand are often far more concerned about the Managing for Results commitment (often as a result of HQ pressure) and the establishment of structures to promote mutual accountability. This difference in emphasis needs to be appropriately managed in order to ensure a common/ shared understanding is developed in South Africa.

Moreover, there is also a perception that there does not seem to be a comfortable fit between the PD and other key global development initiatives such as the Millennium Development Goals (MDGs). For instance, respondents argued that the PD does not speak to issues such as sustainable development nor does it address broader human rights issues such as gender equality.

In terms of the five PD principles respondents were of the view that further clarification is required on all the principles. Whilst the PD is clear in its definition of **Ownership** and the different roles

⁷ Submission received from DFA.

expected of Partner Country (i.e. leadership and coordination) and Development Partners (i.e. support, facilitating an enabling environment, respecting PC leadership and strengthening PC implementation capacity) respondents argued that there is a need to broaden the measurement of ownership. The current means to assess ownership only explores the existence of a national development strategy. This is simply an inadequate measure of ownership. Moreover, within the South African context this is of critical importance as there is often a sharp distinction between the policy makers (typically a national ministry) and the implementers of policy (usually provincial or local government). Thus ownership needs to take into account this disjuncture as is elaborated further in the following:

It is not clear how the goal “ownership” is measured. Under the current definition, other role players (especially provinces, municipalities, parliament etc.) are excluded from defining the “developmental goals” of the country. Whose ownership should be strengthened? Is it the executive or the legislative arm of government? Do we talk about politicians or government officials? Is it the “center of government” (such as National Treasury and the Presidency) or a line department? In our view the term “ownership” is necessary however it is also fuzzy: In democracies it is very rarely clear who has the ownership for the development process. In countries with a strong, however often undemocratic center with a centrally planned economy this question is must easier to answer. That is also the reason why countries with a high level of centralisation (like Vietnam) are scoring better on the PD criteria than democracies like South Africa. Since development is not a “blue print” but a process that can only be supported by conscious and deliberate decisions that are based on hard decisions on where scarce resources should be used a “top down” approach (the center decides, the rest implements) might be counter-productive. Development and supporting development is always a highly participatory and sometime “fuzzy” approach.⁸

Furthermore, the PD specifically refers to the PC taking the lead “in coordinating aid at all levels in conjunction with other development resources in dialogues with DPs and encouraging the participation of civil society and the private sector”⁹. As will be noted in the section 5.1 this particular aspect of ownership appears to be poorly understood and applied in the South African context. Echoing what previous reports have noted, there is often a gap between being clear about the principle of ownership and actually putting it into practice.

With regards to **Alignment**, the PD emphasises that it is not just about aligning to Partner Country’s strategies but it is about using the strengthened country systems. Surprisingly, as will be discussed in the sections that follow, the *2006 Survey on Monitoring the Paris Declaration* demonstrated that South Africa was “strong” in terms of Alignment. Although there is a solid understanding of alignment, many were of the view that not all the aspects of alignment were equally clear, nor that they were fully understood within the South African context. The two critical areas for further clarification were one, if DPs do really understand the principle of Alignment, why are many of the major Development Partners in South Africa still reluctant to use South Africa’s robust PFM systems?¹⁰ And two, more work was 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 the desirability of PIUs in certain instances.

As was noted in *The State of Social Giving in South Africa* the principle of Alignment (and Harmonisation for that matter) are based on the assumption that the PC has “the knowledge, the infrastructure and the personnel to manage” ODA.¹¹ This assumption rests on the understanding that DPs will strengthen capacity in the existing systems in order for them to then align to these systems. It would appear, from the evidence provided in the later sections that few DPs have fully understood

⁸ Submission received from GTZ

⁹ PD, 2006: paragraph 14.

¹⁰ Smith et al. (2006: 11) argues that the largest donors (in terms of volume of aid) such as the EU and USAID tend not to use South Africa’s PFM systems.

¹¹ Quoted in Smith et al. (2006): 42.

that aligning to systems may involve first strengthening them, as opposed to refusing to align to them as the systems are perceived to be weak¹².

More than half the respondents were of the view that the indicators used to assess Alignment require further refinement¹³. With respect to **Indicator 2** (Reliable country systems) there is a view that there is an “over reliance on the World Bank’s PFM/CPIA(Country Policy and Institutional Assessment) performance - a scale that is neither transparent nor in line with the PD’s spirit of mutual accountability. Furthermore there is no ownership, particularly by developing countries of the CPIA process ”¹⁴.

Indicator 4 (Strengthen capacity by co-ordinated support) was widely discussed by respondents, primarily because the indicator speaks directly to the most common aid modality in South Africa, namely technical support/assistance (TA). The general view is that whilst the indicator is an important one, further clarification is required as measuring technical cooperation is not a valid measurement of strengthening “capacity by coordinated support”¹⁵. Whilst capacity building will always be a form of TA, TA is not always capacity building. A further concern expressed by respondents is that the measure does not attempt to measure the quality of the support being provided. Thus as the measure stands at present, it provides information on who owns the TA (i.e. whether it is implemented through co-ordinated programmes, which are consistent with PC’s development strategy), but not about the effectiveness of the capacity building.

Moreover, in order to ensure that a locally defined understanding of this measure is developed so that the PD addresses a key component of aid effectiveness in the South African context, additional work is needed so that a distinction can be made between “good” and “bad” TA¹⁶ and the most effective modalities:¹⁷

More work is needed to assure that technical assistance in support of capacity development is well coordinated with country programmes and uses country systems as far as is possible. Technical assistance components are often difficult and time consuming to manage, so to assure coordination and use of country systems requires clear establishment at the outset of what are the responsibilities of the various host institutions involved (treasury, sector departments, local government) and those of the Development Partners involved. Thus this also relates to the concept of mutual accountability for the use of development resources¹⁸.

South Africa has debated **Indicator 6 (Strengthen capacity by avoiding parallel implementation structures)** at considerable length, and in doing so has determined the need to distinguish between “good” PIUs and “less helpful” PIUs. Whilst respondents were conversant of the PD’s goal to substantially reduce PIUs, many feel that the issue is not so much whether the PIU is parallel but whether the PIU is accountable to the PC and whether it is contributing to strengthening capacity by transferring skills.

¹² It should be noted that World Bank considers South Africa’s revenue collection and fiscal and debt management as “international best practice” (Country Brief, www.worldbank.org/GSBYF92330, 2008) and was equally complementary about its PFM system.

¹³ The evidence presented here, includes information gathered in 2006 during preparation of the South African Country Chapter, *2006 Survey on Monitoring The Paris Declaration*.

¹⁴ Interview with DEAT, 2007

¹⁵ PD, 2006.

¹⁶ The test involves three questions: 1) does the respective department have sufficient leadership over the TA, 2) is the programme aligned to the needs of the department, and 3) was the programme independently evaluated in order to demonstrate the goal of strengthening capacity was achieved?

¹⁷ For more on this see Smith et al, 2006: 49-55; Kerscher et al., 2006; and the *2006 Survey on Monitoring The Paris Declaration*.

¹⁸ Submission received from Finland.

South Africa has begun to see a “good” PIU as ones in which government defines the ToRs, establishes the reporting lines and thus ensures ownership. Moreover, the PIU is integrated into existing structures, but nevertheless there is a recognition that departments do require external assistance in the form of TA and capacity development. A “less helpful” PIU is one which reports directly to the DP directly and operates outside existing government structures. Thus, there is consensus developing that rather than simply measuring the number of PIUs in South Africa (of which there are only about 15), the focus should rather be on the following defining characteristics of PIUs:

- Modus operandi/ Scope of the PIU
- Who signed the contract and/ or who is the contracting agent (i.e. is it the Development Partner or is the PC)?
- Physical location of the PIU (is it embedded within existing structures or is it an add on; and where is it located)?
- Who pays the salary (i.e. are the members part of the staffing establishment of the department or are they funded separately)?
- Staffed by whom (i.e. outside consultants or does it include those recruited from within the department)?
- To whom does the PIU report (i.e. does it report to the Development Partner or to the management of the department)?
- How tied is the assistance that is being provided (e.g. what procurement modalities are being used)?
- Does any skills transfer/capacity development occur?

Respondents, whilst understanding the value of measuring **Indicators 7 (Aid is more predictable) and 8 (Aid is untied)**, nevertheless argued that the enforceability of the targets suggested by the PD remained problematic. One respondent went so far as to argue “they were too soft” and certainly the evidence provided in the sections below supports the assertion made in earlier studies that there is an alarming gap between intent and actual implementation. For example, with respect to aid predictability the *2006 Survey on Monitoring the Paris Declaration* noted that South Africa’s combined predictability gap¹⁹ was greater than 50% and that only about 30% of aid was untied²⁰. The 2006 Survey helpfully suggests that further clarification work is needed in South Africa to explore, amongst other issues, how realistic current predictions are with respect to volume and timing of disbursements, the manner in which DPs notify the PC of disbursements, and whether existing government records actually reflect the latest/ most recent disbursements made by the DPs²¹.

The PD emphasises two aspects of **Harmonisation**. The first aspect, that DPs must ensure common arrangements with implementation (such as effective division of labour) to reduce onerous and duplicative modalities. The second aspect calls upon Partner Country and Development Partners to complement each other by working together in a shared/joint manner. Again there is a sound understanding of the need for harmonisation, but a quarter of respondents feel that there is too much emphasis on procedures and not enough on sustainability (e.g. skills transfer).

A locally adjusted flexible understanding of harmonisation is also required to ensure “we in South Africa have a harmonised understanding of Harmonisation”. In particular, such a definition would need to resolve ongoing confusion over **Indicator 10 (a)**: when is a mission a mission, and what can

¹⁹ The gap between what was committed and what was actually disbursed.

²⁰ *2006 Survey on Monitoring The Paris Declaration*, 2007: 29-7.

²¹ See also Smith et al. (2006): 48-49.

be classified as a “joint mission”. There is a need to establish a uniform definition of missions. Examples of the confusion cited included:

Is any distinction being made between trade/business missions, politicians visiting and so on? Or do we define missions with regards to modus operandi, i.e. what does the mission involve/ who do they meet? Or are we simply referring to missions from outside the Partner Country?

From the PC perspective there was also a desire to measure the types of missions and the transaction costs of the mission (e.g. duration of the missions). The point being made is that missions are not necessarily bad, but rather the transaction costs associated with it could be very high. A further concern raised is whether the targets currently set by the PD with respect to joint missions are realistic and therefore attainable. In other words, there needs to be some local reflection on whether there is greater opportunity to promote joint missions in South Africa since the signing of the PD.

Confusion persists over what both **Managing for Results** and **Mutual Accountability** mean, but this has not prevented respondents from recognising the importance of both.

The notion of mutual accountability should be dealt with carefully. The Paris Declaration is clear on its expectations from “partners”, which in short boils down to such countries strengthening parliamentary roles and participatory approaches when formulating and assessing progress in implementing development strategies i.e. accountabilities to its people. Of course the best way that “assessment” of a government’s delivery on its promises to its people, in a democracy such as we have in South Africa, is at the ballot box. However, there are growing pressures to interpret this mutual accountability as accountability from “partners” to donors, which is not acceptable²².

There is a high expectation amongst both Partner Country and Development Partners that the nascent 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 PC’s 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 could be explored such as cluster forums.

Managing for Results and Mutual Accountability are each assessed by one indicator. **Indicator 11** measures the existence of a “transparent and monitorable performance assessment framework” and whilst respondents accept this, further assistance was requested in how this should actually be developed and then implemented:

Results based management should be clarified. How does South Africa want to see donors improve in this area? Better tools are needed and we need to standardise reporting formats²³.

Indicator 12 needs to be made more specific to include a measure that takes note of who within the country is coordinating mutual accountability, what checks and balances have been put in place to ensure mutual accountability, and how this will be enforced:

We need to explore how the Paris Declaration could be brought closer to the UN processes, both at the international and national levels. This provides an opportunity to bring pressure to bear on the PD process from language and agreements reached in the only universal membership body, where the developing countries exercise more influence to ensure that their interests and priorities are better served through the UN outcomes, in the form of resolutions, decisions and declarations²⁴.

²² Interview with DFA.

²³ Submission received from Norway.

²⁴ Submission received from DFA.

Above it has been noted that respondents perceive a number of the indicators to be either unclear or invalid as they are not measuring what they purport to measure. Or, the perception exists that in certain instances it is unclear how to measure the indicator appropriately within-country:

*Clearer definitions of some of the indicators, especially when it comes to how to measure them, [is needed]. Make sure that selected indicators are really pertinent, especially for the country in question*²⁵.

Respondents also perceived that further clarification is also required on the progress being made in South Africa with respect to these measures. There is a perception that “there is too much emphasis on homogenised targets (easier to measure and consequently receive more emphasis) thus contradicting locally developed indicators”²⁶. Linked to this criticism of the current measures used to assess the PD, is that the measures focus primarily on inputs (e.g. number of PIUs, number of joint missions, number of analytical reports and so on). They do not deal with the substantive issue of outcomes, i.e. is ODA effective, how effective is aid? Thus at present there is a view that we are not any closer to assessing the benefit of ODA either in South Africa or on a more global level. Effectiveness is about assessing the degree to which the aid is used to respond to the needs of the beneficiaries, bring about “real change”, and ultimately have a desired social impact. Whilst this will be the focus of the second round evaluation, assessing the impact of the PD (possibly in 2009/2010), the fact that the measures currently being used do not speak to outcomes is problematic. Moreover, the measures in the PD do not speak to the issue of efficiency. At present, there is no uniform means to measure from the PC’s point of view, for instance, the transaction costs required to host a mission, deal with Development Partners’ procurement systems, and provide reports to DPs.

The evidence presented above demonstrates that both DP respondents and their PC counterparts have engaged with all aspects of the PD in a meaningful way, and that they have raised a number of serious concerns with respect to the PD, in particular the narrow focus of the current indicators. There has yet to be a coherent attempt in South Africa to conduct a comprehensive clarification of all these different components of the PD. Such a review would undoubtedly benefit aid effectiveness in South Africa as it would ensure that the PD is better understood, that it speaks directly to the South African context and therefore more likely to be adopted and/or embedded in the implementation of critical development initiatives.

Recommendations:

To ensure that the issues raised above are satisfactorily dealt with, it is recommended that:

- Further in-country clarification is needed on critical aspects of the Alignment and Harmonisation principles of the PD.
- Further in-country clarification is needed on Indicators 2, 4, 7, 8, 10(a), and 12.
- PD indicators are adapted to measure at the outcome level and not just at the output level.

3.2 Relevance

In overall terms respondents argued that the PD is directly relevant to South Africa’s development agenda as it provides a useful tool for promoting aid effectiveness, particularly when it “facilitates the reduction in duplicate processes, brings about collaborative ventures, and emphasises improved coordination”²⁷. There is also a growing realisation in South Africa that the PD is much easier to apply (and hence more relevant) when it is implemented at programmatic/sectoral level as opposed to project level. As one respondent noted, the PD is “so much easier to adhere to when there is one strategy, one plan and one reporting format”²⁸. Workshop participants also noted its relevance to South Africa and argued that “if the PD is implemented successfully this will promote a greater sense

²⁵ Submission received from the EC.

²⁶ Interview with National Treasury.

²⁷ Interview with DWAF.

²⁸ Interview with DWAF.

of ownership of it in South Africa”. Expanding on this theme others argued that it “gives South Africa impetus to achieve its development goals”, provides a helpful framework for the country in the leadership role it plays in the region, and is a useful tool for ensuring improved coordination, transparency and accountability amongst all key stakeholders. PC respondents also noted that the PD has helped them to think strategically about ODA,

More than half the respondents, whilst observing that they are clear about the broad principles of the PD, argue that the PD has not been satisfactorily, nor sufficiently, adjusted/adapted to the local conditions. For instance:

The objectives, indicators and terminology used in PD have to be clearly defined so that there is mutual understanding between the South African government and Development Partners on how to implement the Declaration. All government officials should be trained/informed on PD and what is expected of them. The government should formulate an action plan on Harmonisation and Alignment. Also the government should take lead in mapping exercises to document the work of all donors within the various sectors. Also it could be helpful to have a government homepage on ODA for information sharing among donors and national partners²⁹.

Moreover, due to the relatively small amount of aid it receives, there is a perception that South Africa provides a helpful learning ground for the practicalities involved in applying the PD:

If we cannot recognise the relevance of the PD principles in the South African context, and we cannot apply them here than where will we be able to make them work?³⁰

There is also a sense that the more practitioners engage with the PD, the more they are able to recognise its relevance. This in turn leads to improved application of the PD, and thus a stronger sense of its value. The opposite also seems to be true – confusion over the content and value of the PD has led to many provincial and local officials (discussed below) resenting the intrusion of the PD, disputing its relevance, and thus resisting its applicability, for instance:

It is important for the project managers to be aware of the PD and we would recommend that the PD be workshopped with project managers so that they can also understand the impact of the PD on their projects and the other way around³¹.

Other respondents from the PC argued that relevance of the PD was not necessarily a positive feature of the PD, as the following quote illustrates:

I see the PD as not only about making aid more effective, but it is also about re-establishing markets ...it ensures donors get greater returns for their investments³².

Whilst generally there was a strong perception as to the relevance of the PD to making aid more effective in the South African context, there were nevertheless respondents who questioned certain aspects of the PD. Because South Africa is not aid-dependent there is a perception that aspects of the PD thus become less relevant, for instance:

In South Africa, being a much less aid dependent middle income country where fewer Development Partners are present, with much less influence and very different objectives (traditional development cooperation, phasing out and transferring cooperation, trade related cooperation, regional and pan African cooperation), the debate of some aspects of aid

²⁹ Submission received from DANIDA.

³⁰ Interview with IDC.

³¹ Interview with SAPS.

³² Interview with DEAT.

effectiveness is less relevant but other, traditionally less covered ones, are more important (value added in a middle income country)³³.

Some perceived the PD not to be completely relevant as they felt the PD was inflexible, that in certain instances the targets were unrealistic and that the context challenges the notion that “one-size-fits-all”, as observed by the following respondent:

There needs to be a clearer understanding of context. One size does not fit all. For example - South Africa is not dependent on donor funded aid. However, there is a shortage of skills and a continued need for external technical skills/advice. Because the Government of South Africa’s financial management and procurement systems are considered cumbersome and donor systems often recognised as more flexible this result in direct recruitment by donors. This often leads to the need for a PIU, which results in non compliance of PD. It would perhaps help if PIUs could be viewed as a means to an end - a transition process used as part of a process to improved systems and achievement of full compliance³⁴.

Considerable evidence (discussed in detail in the later sections) can be found which shows that South Africa has demonstrated the relevance of the **Ownership** commitment through its actions to ensuring greater aid effectiveness in South Africa. The evidence includes South Africa operationalising its development strategies (strategies such as the RDP, GEAR, the Presidency’s Programme of Action, ASGISA), IDC’s role in coordinating ODA, and “cross-government participation in policy making processes” such as NEDLAC, parliament and the MTEF.

With respect to **Alignment** previous studies have demonstrated that South Africa was cognisant of the fact that for aid to be effective in the South African context it needs to ensure that all ODA is aligned to South Africa’s priorities and procedures. This could be seen in the fact that “in South Africa most of the elements needed to ensure alignment are in place” and that “South Africa has generally reliable country systems and has the capacity to effectively co-ordinate aid flows”³⁵. However, as discussed in depth in the sections below, whilst the perception might be in South Africa that alignment is both important and critical for aid effectiveness the full realisation of all components of Alignment still have some way to go in South Africa.

Pertinent though **Harmonisation** may be to aid effectiveness in general, studies such as the 2006 *Survey on Monitoring the Paris Declaration* have been very critical of efforts to harmonise in South Africa. Whilst this finding is substantiated and discussed in detail in the following sections of this report it is worth noting that the authors of the 2006 Survey report were particularly critical of DPs, noting that many had not yet put into practice common arrangements and coordinated missions.

The applicability of **Managing for Results** to aid effectiveness in South Africa, can be seen in the strong leadership shown by the South African government in setting up a “more effective country-led monitoring and evaluation system”³⁶. Over the past few years the South African government (discussed in more detail below) has put in place a number of measures in order to ensure that relevant and timely information (e.g. from Statistics South Africa) improves the management of all resources, including ODA in multi-annual budget processes (e.g. the MTEF) and against the national development priorities (e.g. the Programme of Action).

The 2006 *Survey on Monitoring the Paris Declaration* questions whether the relevance of **Mutual Accountability** to aid effectiveness in South Africa has been fully realised as it has argued that the mechanisms for mutual accountability “do not yet exist in South Africa” (2007: 29-11). Whilst it shall be shown below that this finding is not a fair assessment of the situation in South Africa, it is worth

³³ Submission received from EC.

³⁴ Submission received from DFID.

³⁵ 2006 *Survey on Monitoring the Paris Declaration* 2007: 29-3.

³⁶ 2006 *Survey on Monitoring the Paris Declaration* 2007: 29-10.

noting that whilst there are mechanisms in place many would question whether these mechanisms “strengthen public support for national policies and development assistance”³⁷. Certainly the fact that the National Assembly and the nine provincial legislatures seldom debate issues related to ODA does question whether existing country level structures perceive the relevance of this commitment to aid effectiveness. Similarly the ongoing absence of civil society from mutual accountability processes also raises questions about how applicable the existing mechanisms are to ensure aid effectiveness. Thus there seems to be little evidence of the PD being debated in Parliament, in public or in civil society. However, there is nevertheless considerable evidence that the wider/broader issue of aid effectiveness is of considerable concern to the public, parliament and civil society. For instance, the annual reports of government ministries, the annual *Estimates of National Expenditure* and Auditor General’s reports all reflect aid flows. This ensures both accountability and transparency to all South Africans in the use of development resources. Moreover, PC and its DPs meets annually (bilaterally) to discuss progress on its Country Strategy papers, a process that has been in existence since 1997.

In exploring the relevance of the PD, the ToRs also specified that respondents should be asked to comment on whether the perceived critical aid effectiveness issues in country are addressed by the PD. Whilst most respondents were of the view that the critical aid effectiveness issues in South Africa are referred to in the PD (such as ownership, use of country system, capacity development, aid predictability, tied aid and so on) they are not necessarily fully addressed (see suggestions made above). However, there were also respondents who took a harder line, suggesting that there is in fact a misalignment between the PD and aid effectiveness issues in South Africa, as the following two comments illustrate:

*The PD does not seem to address the critical aid effectiveness issues in South Africa, which are (i) weak human and institutional capacity to deliver; (ii) ineffective decentralisation (devolution) at the local government and municipality level;(iii) poor coordination and collaboration among government departments, and between them and civil society*³⁸.

*Most of the PD indicators concern, in one-way or another, the channelling of development assistance funds. Funds or lack thereof, however is not the most serious aid effectiveness challenge in South Africa because domestic revenue collection efforts provide for considerable funds for development and the share of development aid of total funding is small. One of the key challenges is to secure sufficient capacity in administration at both central and local level for processing those funds into activities and institutionalising them in a way that helps contribute to achieving key development targets on the ground*³⁹.

There was also the view that critical issues with respect to governance, seen as an important issue in South Africa, are not addressed by the PD, for example:

*The Paris Declaration needs to spell out, both from developed and developing countries, preconditions on suppression of corruption to avoid amounts of development aid being debilitated and halted by corrupt bureaucracy*⁴⁰.

Recommendations:

How relevant the PD is to development challenges faced by South Africa ultimately resides on whether one sees the PD as a tool for influencing change or as a prescriptive set of guidelines which need to be stringently adhered to. Those in South Africa who approach the PD more as a statement of intent are more likely to find it pertinent to the development challenges facing South Africa, whereas those who view it as a non negotiable decree are less likely to view the PD as relevant to the peculiar challenges that South Africa’s dual economy poses aid effectiveness. Moreover, the concern remains

³⁷ Paris Declaration, 2006, para 47.

³⁸ Submission received from JICA.

³⁹ Submission received from Finland.

⁴⁰ Submission received from DFA.

that the ownership commitment is not yet broad enough to include all key stakeholders, which suggests that there is not yet agreement on a question: “To whom is the PD relevant”? It is therefore recommended that:

- The IDC be supported and strengthened in its efforts to “market”/communicate the relevance of the PD to aid effectiveness issues across all levels of government, in particular to institutions that require additional assistance such as those at provincial and local levels of government.
- DPs continue to commit to supporting the IDC in these efforts, and participate actively in developing a common/shared locally adapted PD that addresses South Africa’s strong desire to ensure aid effectiveness.

3.3 *Coherence*

In the two previous sections it has been noted that aspects of the PD require additional clarification in order for the PD to be seen as wholly relevant to aid effectiveness in South Africa. By implication respondents were therefore of the view that until this clarification occurs the PD in its current form contains perceived contradictory commitments and indicators.

Perceptions ranged from those who argued that a focus solely on the PD at the expense of other critical global initiatives can lead to unintended consequences. Or, as one respondent noted, “*that to pay attention to PD or to intensively focus on it can initiate different behaviours*”⁴¹. For instance, ownership does not mean the end of dialogue (internal and external). Similarly, harmonisation can create conflict of interests between implementing agencies as roles and responsibilities are determined and when the DPs’ needs for high visibility is subsumed into joint activities. Moreover, building and strengthening country systems is time consuming and can hinder the delivery in the short term of results identified in a results based framework.

With regards to mutual accountability a concern raised is that some DPs are more intrusive and have interpreted this principle as DPs holding the PC accountable for not reaching the impact/development targets it has set for itself⁴². This perception was supported by the emerging findings at the recent Global Workshop⁴³. The findings highlighted the dual interpretations of DPs for mutual accountability:

Dual interpretations:

Broad: Mutual Accountability is both to donors and to own constituencies

Or

*Narrow: Mutual Accountability is only between Partner Countries and their own constituencies and Development Partners and their own constituencies*⁴⁴.

While the PC is comfortable to be accountable for how money is spent and for the outputs it delivers, it believes that beyond that it should only be held accountable by its constituency. Mutual accountability also contains certain other inherent risks, for instance when the capacity to absorb data and information is weak. This can often lead to unequal relationships with DPs as there is a tendency for DPs to rely on their own data (particularly gathered, for example, by consultants they have commissioned) to drive change instead of using official PC data.

Further to the above point is the example, referred to in the sections below, whereby joint missions (a key component of harmonisation) have been coordinated by DPs in South Africa yet without consultation with the PC. So some might perceive this as good practice under the harmonisation principle, others will perceive it as threatening South Africa’s leadership of its development agenda.

⁴¹ Ideas in this section are largely drawn from a submission received from BTC.

⁴² Interview: DFA

⁴³ Wood et al. 2008

⁴⁴ Wood et al. 2008

Another example of inconsistencies and potential conflicts found in the PD is outlined in the case study below. This example highlights that using the PD indicators as they stand may be too simplistic and that there is the need for the PD commitments and their associated indicators to be weighted. Ownership, for example, should possibly carry the most weight, whereas various aspects of alignment could be weighted less.

Inconsistencies and Potential Conflicts: Case Study

The SA-Finnish Support to Environment and Sustainable Development in North West province (SESDNW) did not meet all of the PD elements for alignment. Even though it is aligned to the provincial priorities, the SESDNW programme provides ‘off budget’ support, is managed by a Finnish NGO, and uses Finnish reporting formats.

It is nevertheless described as a success by the DEAT officials. They ascribe its success to the programme’s strong ownership and political commitment. The programme is driven by a Steering Committee comprising of representatives of the Finish Embassy, South African partners (including municipalities, academic institutions, DEAT), is chaired by government and reports to the Supervisory Board. The Board meets once a year and is chaired by the Premier of the North West and the Ambassador of Finland and the Heads of Departments attend.

An overarching concern with the coherence of the PD in developing countries is that it is premised on the notion that signatories will abide by the principles the declaration espouses. Further thought needs to be given to how to enforce or persuade those who have committed themselves to the obligations of the PD to abide by all of it, all of the time. There is a strong perception that when it suits certain DPs to adhere to the PD they will (particularly when they are providing support at cluster and/or programme level) and there are other instances (discussed in more detail below) when they chose not to. In practice this means that there are inherent risks for the PC in attempting to enforce the PD. For instance, if a particular DP is reluctant to align or harmonise sufficiently to meet the expectations of the PC there is a perception that the DP will simply transfer its support to an environment it finds more accommodating⁴⁵. Thus the scope for the PC to enforce the PD is limited and in turn this can limit it in presenting a coherent approach to implementing all aspects of the PD.

Thus whilst most respondents would agree that the PD is a robust document it could be strengthened to become more coherent. In particular locally adjusted definitions are required to ensure that the PD speaks to the PC context.

Recommendations

It is therefore recommended that:

- There is an urgent need for an *Aid Effectiveness Operational Plan* in South Africa that will bring about greater coherence at both the policy and the implementation level.

⁴⁵ The Schools Infrastructure Support Programme (SISP) in South Africa is a classic example of how a misalignment of policies, systems and modalities (EC and South African) created an incoherent programme which failed to realise its intended outcomes, even though there was a common objective and a share vision. Ultimately as a result of a failure by both parties to reach a common agreement on implementation a significant proportion of the budget was never disbursed by the EC and where presumably used elsewhere. Space does not permit doing justice to the valuable lessons that can be learnt from this failure, suffice it to say that when there is not a joint approach to key aspects of the PD (such as alignment) programmes are likely to fail, often with disastrous results. For a detailed analysis of these problems see Cole, M. Kaplan, M. & Musker, P. (2006). *Mid-Term Review of the Schools Infrastructure Support Programme (SISP) in South Africa*. Final Report: European Commission.

4. Assessment of Development Partner behaviour

This chapter will seek to assess the Development Partner behaviour. Three different dimensions will be assessed: commitment, capacities, and incentives.

4.1 Commitment

Assessment of DP behaviour relating to commitment to PD will encompass: PD awareness levels among DP staff, evidence to demonstrate commitment, degree of uniformity in addressing PD principles across sectors or themes and dynamics between DP headquarters (HQ) and field level staff regarding commitments to PD and levels of coherence in DPs' efforts to support nationally led development frameworks.

At a more general level, majority of DPs, at most 80% (estimation from interviewed DP officials) indicated familiarity with PD issues. Those who did not appear familiar, were officers, who had recently joined the field level staff. The levels of commitment to operationalise PD principles vary by DPs. At the HQ level, majority of DPs consulted for this evaluation had signed the PD (France, Belgium, Japan, Netherlands, Sweden, UK, Denmark, Finland, Germany, Norway, USA, Italy, Canada, Ireland, Switzerland).

A significant proportion of DPs have demonstrated commitment to PD through development of PD-related policies, strategies and guidelines that govern their development cooperation with PCs. The Belgians have a global policy which was developed in June 2007 on application of PD in all its 18 global partner countries. The policy document among other things outlines Belgium objectives for effective aid, all linked to and mirrored against the nine important indicators of the PD.⁴⁶ Other DPs reported having some form of policy guidelines framework for operationalisation of the PD at PC levels including the Swedish Embassy and the UN family. Both reported having received guidance notes from their HQ on PD.

With regards to **Ownership**, the PD clearly states that “*Donors commit to respect Partner Country (PC) leadership and help strengthen their capacity to exercise it*”. Overall DPs in South Africa respect PC leadership. This is demonstrated in the growing trend by DPs to involve PCs to participate in the development of DP country strategy documents. Examples of Development Partners that involved the Partner Country in developing of country strategy documents are: the UN (CCA, UNDAF, CCPAP), the World Bank, the EU Joint Country Strategy Paper 2007-2013, and the Nordic countries. Of all the examples the UN process stands out in the manner it supported the PC with leadership in the whole process. In other countries, after the CCA and UNDAF, the individual UN agencies then draw up a Common Country Programme Action Plan (CCPAP). In South Africa, through the PC's leadership role, the UN family who initially had submitted Agency specific CCPAP, were advised by the PC to work on a consolidated CCPAP. The World Bank reported working closely with the National Treasury in developing the Partner Country Strategy⁴⁷. South Africa demonstrates strong leadership in its articulation of development priorities. Interviews with some UN agencies noted that the UNCT found its usual role of “*strengthening PC's capacity to exercise leadership*” irrelevant and redundant. This explains to a great extent, the limited role of UNCT in South Africa in coordinating the operationalisation of PD principles. Interviews with International Development Partner Coordination (IDC) also confirmed the strong leadership by the PC which renders the coordination role of UNCT unnecessary. In addition, about 50% of DPs interviewed reported having “*demand driven*” development cooperation initiatives, which further reinforced the PC strong leadership.

Despite the general consensus that South Africa demonstrates strong leadership, some DPs held the view that strong leadership exercised by the PC, particularly at the level of National Treasury, could

⁴⁶ Belgium 2007, “Improvement of the effectiveness of Belgium government bi-lateral aid”: Plan for the harmonization and alignment of aid.

⁴⁷ Interview World Bank Official

potentially close doors to DPs strengthening the leadership of the PC elsewhere in government. Some DPs went even further arguing that they view National Treasury as a “gatekeeper” and that “there are times when it is so overstretched, they cannot respond in a timely fashion to our requests to work elsewhere in government and this leads to frustrating delays”. Suffice it to say (as it is discussed below and in order to avoid duplication) that an unintended consequence of the PD is that it has led to a more arduous and time consuming legal process which the PC needs to follow when it drafts agreements between itself and DPs. Analysis of these two positions, point to two strong views held by both sides and reflect the difficult role that the PC finds itself in when implementing the PD with limited human resources.

Recommendations:

In the interest of mutual partnership and aid effectiveness, the following are suggested recommendations:

- There is a need for DPs and PCs to dialogue more on ownership issues as they relate to improved coordination of both DPs and PCs and at both national and sub-national levels.
- There is also a need for debate over the different types of coordination that DPs can play in situations where the PC exercises strong leadership.

The rationale for **Alignment** is to ensure the effective use of resources to maximise on the achievement of set development priorities for PCs. It is also about minimising transaction costs. There are more expectations from DPs than there are of PCs. DPs are expected among other functions to:

- Align with partner strategies
- Use strengthened country systems
- Provide reliable indicative commitment of aid and disburse aid in a timely predictable fashion
- Rely to the maximum extent possible to transparent partner government budgets and accounting mechanisms
- Progressively rely on Partner Country systems for procurement when the country has implemented mutually agreed standards and processes
- Untie aid in order to get better value for money

A review of the DP-PC cooperation agreements and some DP country strategy documents, as well as interviews with DPs, revealed greater levels of **alignment to South Africa’s development priorities** since the 2006 Baseline Survey. The following are a few examples. Within the Belgium Cooperation Agreement IPC 2007 -2010, a senior South African official highlighted that the agreement was fully in line with South Africa’s national development priorities and is a good example of the implementation of the PD.⁴⁸ A review of the objectives contained in the cooperative agreement between German and South Africa 2007, indicated high alignment to national objectives as is reflected in the government’s Programme of Action. A review of the United Nations Development Assistance framework for South Africa (UNDAF) 2007-2010 showed explicit alignment to country priorities.

The UNDAF has emerged from a nationally owned dialogue and represents UN’s response to critical national development priorities centred on Vision 2014, a framework that guides the South African outlook and interventions directed at addressing key development challenges into the second decade of democracy, and framed within the context of the MDGs.⁴⁹

When deciding on what to cooperate on with South Africa at the strategic level, the Swedish Embassy responds to the PC priorities: its work is demand driven and uses South African Business Plans as

⁴⁸ Republic of South Africa and Kingdom of Belgium (2006) Agreed minutes of the second Joint Commission on development Cooperation between the Kingdom of Belgium and the republic o South Africa.

⁴⁹ UNDAF Report P.5.

working documents across sectors. A senior EC official reported that in terms of Alignment, the DP was “110% aligned” as they have strong support in sector budget support and that the EC demonstrates “100% use of Public Finance Management systems (PFM)”. EC also noted that they were “definitely not creating parallel Project Implementing Units (PIUs)”. While this is supported by the *2006 Survey on Monitoring the Paris Declaration* which reports that the EU have 0 PIUs, several government departments in South Africa, such as the SAPS report they have EC funded PIU. This finding speaks to a difference in interpreting whether the PIU is parallel or not and highlights the need for a common locally adjusted definition of PIUs in South Africa.

Despite this positive experience with DPs alignment to South African development priorities, analysis of DP alignment at some sub-national levels was relatively weaker. Senior officials in the PC at national levels reported that when some DPs are frustrated with the PC’s insistence on alignment to national priorities, they sometimes go straight to the sub-national levels and make agreements at those levels to support projects that may not be quite aligned to national priorities.

An analysis of this sub-component of the PD reveals varying degrees of commitment by DPs in the use of country systems. Only a small proportion of the DPs use South Africa’s systems. More so among the few that use the PC country system, DPs still have reservations on other aspects of use of PC systems such as procurements, audit reports and in some cases reporting requirements. The following are varying experiences by some DP on use of South African country systems. The Belgium Technical Cooperation (BTC) reported using South Africa procurement systems (local tender system), non specification of particular nationalities for service provision, use of the South Africa audit system. BTC however, reported sometimes conducting separate audits for the sake of good governance at HQ level. The bulk of BTC support (80%) flows through the South African PFM system, the remainder (20%), earmarked for monitoring activities, does not. GTZ reported use of country systems in most respects but noted its limitations for use of the South Africa PFM system due to its strict nature. Sida provides most of its support to South Africa on-budget and uses government procurement systems. However, the Swedish Embassy representative noted reservations (which are discussed below) on procurement and chooses to support South Africa partly through Swedish institutions (hence off-budget support and non-alignment to PD principles). The Nordic Group reported having reduced PIUs. The Norwegians reported aligning to the South Africa development priorities yet noted less alignment to the use of systems such as reporting, government audits and having off-budget support to regional institutions such as IDASA.

HIV and AIDS Sector: Case Study

Non-use of country systems: Interview with the PC noted examples where DPs have PIUs which were totally disconnected from the operations of the Department of Health. These PIUs had the following characteristics:

- Operated outside DoH structures, refusing to work in existing structures
- Whilst providing important technical assistance, the DoH believes that there is little evidence of skills transfer
- High staff turnover in the PIUs – no continuity – and enormous transaction costs for the DoH as they continuously have to brief new consultants on the health context
- Little consultation with the DoH on who will staff the PIUs and who will replace the consultants once they leave
- PIUs report directly to the DP as opposed to DoH managers
- Limited evidence provided by PIUs to demonstrate the contribution they are making to sector targets

Reasons for non-use of country systems by most DPs varied and include:

- Concern by DPs that use of country systems, for example PFMs, delayed speedy implementation of PD, thus creating further challenges with DP HQs in reporting for results.
- Claim by DPs that use of their own systems is much faster and will provide quicker results and impacts, at the cost of skills transfer as capacity of the local personnel is not built.

- Unequal power balance between DPs and PCs, which is sometimes skewed in favour of the DPs. “Who holds the purse, most often dictates the rules of the game”.
- The South African system reported by DPs as being too strict to allow DPs to be dynamic.
- Some DPs have to follow the directives from their HQ not to use country systems (for example, USAID).
- Tied aid still a common phenomenon in South Africa, with only 30% of DP aid untied.⁵⁰

HIV and AIDS Sector: Case Study

Good Practice: Within the health sector good examples of DP exemplary behaviour could also be found:

DfID: “Seen to very consultative on all key issues. For instance when a consultant is to be brought in DfID will consult on each step, from the drafting of the ToRs, to the selection process and then during the work done by the consultants...DfID go out of their way to prioritise local/ DoH consultants first before suggesting consultants from outside South Africa...emphasis is on a participatory process, ensuring that DoH has ownership of the process, and DfID being accountable to the DoH”.

National Institute for Health (USA) and Italian Cooperation’s Support of the South African AIDS Vaccine Institute (SAAVI):

- Funded jointly by the South African government and DPs SAAVI exhibits good practice under all five PD commitments.
- The institute is led by South Africans working on key health priorities identified by the health cluster with significant international TA.
- South Africa’s systems are used by SAAVI, which in turn is accountable to the Medical Research Council (an affiliate of the DoH).
- Considerable skills transfer is ensured by situating much of the work done by SAAVI in South Africa’s medical schools.

Source: Interview with DoH

The evaluation noted that the bulk of DPs support to South Africa - ranging from 30% to 60% for individual DPs - was channelled to CSOs and did not appear in South Africa’s budget, which also makes it difficult for the National Treasury to track. Thus negating the PD principles.

Recommendations:

Against the non-usage of PC systems by many DPs in the South Africa, The following recommendations are suggested:

- South Africa should take a lead in dialoguing around improving increased use of country systems and debates around the DPs’ role in strengthening South African systems to make them more efficient without compromising on transparency and accountability.
- DPs in South Africa need to advocate for HQ policy changes regarding the use of country systems through more strategic, political engagement at the forthcoming HLF on aid effectiveness to be held in Accra Ghana towards the end of the year.
- DPs should align their work to sector and the larger cluster priorities.
- When the use of country systems is not feasible, DPs and PCs should commit to establishing additional safeguards and measures in ways that strengthen rather than undermine use of country systems.

⁵⁰ OECD/DAC (2006) PD Baseline Survey Country Chapter South Africa

Under the element of **Harmonisation**, DPs are expected to implement common arrangement and simplify procedures (joint programming- indicator 9, reduce separate duplicative missions - indicator 10). To enhance complementarity and more effective division of labour, DPs are expected to make use of their comparative advantage (at cluster and multi-sector level in the case of South Africa). The DPs' division of labour is typically done under Partner Country guidance. DPs and PCs are expected to jointly work towards putting in place incentives for collaborative behaviour. In short, the two major indicators for harmonisation are:

- Use of common arrangements or procedures
- Shared analysis (field mission, country analytic work)

The evaluation noted that there are modalities in place where DPs meet annually (annual consultative meetings) with the respective PC Department or Units to share progress. However, this is organised around individual Development Partners and does not allow for shared learning across all players. The cluster-sector approach is not used as a mechanism for such dialogue. The evaluation also noted some good practices in the environment and water sectors. Despite this, Harmonisation is an area where a lot more work still needs to be done.

Some Good Practices in Sector Harmonisation Efforts

The first example of good practice is the Urban Environment Management Programme (UEMP) where both DPs and the PC's relevant departments and units are well coordinated. Resources are put into a basket and stakeholders come together for regular quarterly meetings to report on progress against mutually agreed targets. The Water Sector Programme "Masibambane⁵¹" is the second good practice example. Within this SWAp a number of development partners, including EC, Irish Aid, the Nordic Group, and Switzerland all work together to support the water sector programme through basket funding and have developed common ways of working. There is also division of labour based on comparative advantage. For example, the EC is tasked to provide details on indicators, while other DPs support sub-sections of the programme.

Source: Interviews with DPs

DPs in the South Africa performed poorly on collective efforts towards joint programming and joint missions. Poor performance on Harmonisation on the part of DP is due to many complex issues that require unpacking. The evaluation noted that overall there was no common understanding of the rationale for Harmonisation among both DPs and PC. In some case, Harmonisation was confused with Alignment. The DPs saw Harmonisation as mainly serving the purpose of division of labour among DPs and the reduction of duplication of services. There was a growing trend among DP towards 'harmonisation' among themselves (EU+Group, Nordics). Within these DP groupings sector working groups have been created with some efforts towards division of labour were some DPs have been given leadership in these sector working groups. While some of the principles of PD Harmonisation appear to be applied, such efforts are being made without the leadership of South Africa. The DPs claim that this development was born out of the lack of national leadership to coordinate Development Partners. Therefore Development Partner coordination and harmonisation within DP groupings remains DP driven and the PC remains outside.

Another major challenge around Harmonisation is how disjointed these efforts are. South Africa has a clear cluster system which is derived from the Programme of Action (PoA)⁵². The cluster systems is

⁵¹ Masibambane (isiZulu for "Let's work together!") is a comprehensive Sector Wide Approach (SWAp) programme of the South African water services sector and is coordinated and managed by Department of Water Affairs and Forestry on behalf of the sector. Masibambane is currently in its third phase of implementation with the comprehensive MSB III (2007 – 2012). It is an international good practice example for creatively addressing complex issues through comprehensively structured co-operation strategies that are managed flexibly through broad-based stakeholder interaction. (Kerscher, et al, 2006)

then supported by multi-sectoral work. The evaluation noted that efforts to work around sectors by DPs was not systematically aligned to the cluster priorities. In addition, it seems that the contribution of CSOs was not systematically linked to the overall achievement of national priorities despite the fact that most DPs implemented the bulk of their programme work through CSOs.

On the other hand, the PC did not see the need for creating elaborate structures for harmonisation. Interviews with IDC cautioned that the trend of DP coordination harmonisation efforts was not likely to contribute to development effectiveness. The way in which the National Treasury - IDC is currently structured also contributes towards the challenges of effective harmonisation. The IDC is structured in such a way that focal point staff members work with individual Development Partners and are not organised around the cluster system. This in part explains the concern from DPs of weak linkages between IDC and ODA units or departments within the government. The evaluation indicated that the UN developed cluster systems for operationalising the UNDAF mirrored the government cluster system. However, the challenge with this laudable effort is that the cluster systems appear to be parallel to the government cluster systems rather than part of PC systems and may potentially lead to an increase in transition cost if DP/UN and PC each have to participate in these separate cluster systems. Thus the approach by DPs needs to be adapted to ensure alignment to the existing structures of the PC.

The stakeholder workshop to share the preliminary findings for the PD evaluation provided for the first time ever, an opportunity for both DPs and PC to openly share concerns around harmonisation efforts in South Africa. It is hoped that this is the start of a process to develop a common purpose which will lead to:

- The creation of synergy among DPs in supporting the PC to achieve the MDGs and South Africa's development priorities;
- Collective transparency by stakeholders' (DPs and PCs) contribution to achieving mutually agreed development targets; and
- Improved synergy between national and sub-national development priorities.

Several DPs and PC respondents were of the view that it is desirable for harmonisation to take place at the cluster and sub-sector levels and that this would strengthen the linkages between cluster and sector work efforts. There was a common appreciation of the need to improve coordination of development efforts at both the national and sub-national levels. The DPs emphasised the need by PC to take a much stronger leadership role in harmonisation efforts. The improvement of harmonisation efforts in South Africa will thus call for a big shift in mind set which will entail, among other things, the need for establishment of mutually agreed programming processes from analytic diagnosis, cluster and sector strategy development, development of mutually agreed set of indicators to measure progress, improvements in joint monitoring and establishment of clear frameworks/modalities for reporting on results.

Recommendations:

Against this background this evaluation therefore recommends the following for improvement of Harmonisation:

- South Africa should take leadership in creating a forum (workshop or other relevant modalities) for brainstorming practical way-forward to improve harmonisation which bring DPs, PCs, and possibly CSOs at the same table.
- The current sector working groups, lead by the DPs through the EU + Group, should serve as a transition arrangement, until South Africa works out clear modalities for improving harmonisation at country level.

⁵² The 5 clusters the Social Cluster, the Justice, Crime Prevention and Security Cluster, Economic, Investment and Employment Cluster, Governance and Administration Cluster, International Relations, Peace and Security Cluster.

- South Africa should map out strategies on how the work of the CSO relating to the government five cluster areas can systematically be integrated in the context of inclusive harmonisation.

According to the PD **Managing for Results** implies managing and implementing aid in a way that focuses on the desired results and uses information to improve decision making. In this regard Development Partners are expected to, among other efforts:

- Link DP support to Partner Country performance assessment;
- Work with Partner Country to rely as far as possible on partner countries result oriented reporting and monitoring frameworks; and
- Rely on Partner Country statistical, monitoring and evaluation systems.

The evaluation noted that on the whole DPs are very keen on Managing for Results as it is a requirement on their reporting at HQ. Some DPs have demonstrated working closely with PCs on achievement of set targets. For example, the DPs support country wide capacity within government for M&E systems. GTZ reported providing support to the M&E learning networks (together with the Presidency, National Treasury and the South African Management Development Institute/Training Academy). In their interactions with different PC levels, DPs have supported country priorities which are result-oriented. DPs believed that South Africa has sufficient and reliable information systems which they use. The thrust to reinforce principles around Managing for Results are also reflected in DPs-PC cooperation agreement documents. Despite these positive efforts by DPs, a lot more work still needs to be done.

Recommendation:

- A key recommendation is that mutually agreed reporting frameworks/modalities on existing South African targets needs to be developed
- There is need for South Africa to rethink a clear modality for reporting on results.

A major priority for partner countries and Development Partners is to enhance **Mutual Accountability** and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance. To this end, DPs are expected to commit to:

- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens; and
- Jointly working with PC and using existing country level mechanisms report on achievement against set commitments.

The evaluation observed Mutual Accountability as an area requiring improvement on the part of DPs. Current practices by DPs with regards to aid flows render it impossible for neither DPs nor National Treasury to meaningfully account for resources to the country. For example, at provincial and local government levels, some DPs are reported to be making agreements involving funding support that is neither recorded at National Treasury or at provincial level (in the case of funding going to local government). This complicates accountability for aid flows.

Moreover, there still remain significant amounts of funding provided by DPs that is channelled through off-budget support modalities. Both the amounts involved and the impact of such support in contributing to government set priorities remain very vague. Aid flow to South Africa's CSOs are not well accounted for. It is however, recognised that some CSOs offer services in areas that may not be directly be part of the country development priorities.

Recommendations:

Two key recommendations are made to strengthen Mutual Accountability.

- There is need for mechanisms to track the volumes of this funding support and the impact it has in contributing to nationally set development priorities.
- In areas where CSOs' work contribute to South Africa's Programme of Action or cluster priorities and targets, such contribution should be tracked and monitored both in terms of levels of funding and development results.

4.2 Capacity

Capacities within PCs, to either provide strong leadership or effectively implement development intervention are important aspects for effective operationalisation of PD principles. The PD outlines clearly the role that DPs should play towards this goal. At a general level the evaluation noted positive trends among DPs in the manner in which they package their development cooperation activities, and thereby provide significant support in building South Africa's capacity to implement development initiatives.

Ownership: It has previously been noted that South Africa's strong leadership of its own development agenda is supported by DPs and thus strong DP capacity in respect of ownership is not necessary.

Alignment: The evaluation noted limited capacities among some DP staff at field level to effectively align to South Africa's development priorities. Some Embassy development counsellors were not familiar with the South African context which has a negative impact on effective alignment. The assessment revealed that some new staff who had recently joined the DP field offices had received little or no orientation on South Africa's overarching development frameworks or PD principles. This observation was reinforced by interviews with PC senior officials who reported that some DP officials have limited competencies to engage in meaningful dialogue with senior PC officials who are articulate in their development priorities and key elements of PD principles.

Managing for Results: The review of DPs-PC cooperation agreements, as well as interviews with both PCs and DPs, demonstrate that DPs exhibit good practice as most have embedded capacity development in their programme or project interventions. For example, for the last two years (2006/2007) the World Bank reported training on average 600 people on M&E impact assessment and public expenditure tracking. Despite these positive trends there are areas where DPs could improve. One UN respondent highlighted that there is need to conduct skills assessment to ensure that there is a basket of competent skills within the UN to deliver on the new strategy. However, for the UN such assessment has not yet been conducted and it is been business as usual.

Recommendations for Capacity:

- The capacity of those DPs who lack knowledge of PC national development priorities, the South African context and the PD needs to be developed.

4.3 Incentives

With respect to incentives the ToRs specified that the evaluation team should answer the following two questions:

- Do development partner incentives motivate field staff to fulfil PD commitments?
- Have incentive systems changed to reflect PD systems?

The evaluation noted two main approaches to incentive systems used to motivate field staff to operationalise PD principles. On one hand, some DPs were of the view that there was no need for incentives since motivation to operationalise PD principles is already given if one is committed to development in general. However, the majority of DPs have incentive systems in place. Typically PD issues are embedded in field staff performance appraisal systems or contracts. For example, a number of DPs reported having the principle of Managing for Results included in their performance appraisals, thus motivating them to pay special attention to applying PD principles in their work.

Other DPs also noted that PD elements, such as improved coordination and harmonisation, provided them with avenues for valuable networking and information sharing.

A number of disincentives were noted which seem to influence the motivation of field staff to apply PD principles. The majority of DPs, including UN family members, highlighted that they are used to working towards a visibility of their agencies. By contrast, some of the PD principles - such as working as a Development Partner group as opposed to individual DPs and trends towards direct budget support or basket funding around sectors/clusters/themes - works against the visibility of agencies. Closely connected to this point, is the fact that most HQs prefer reporting that would demonstrate clear contribution by the individual DPs, which sometimes is not feasible in the context of operationalising PD principles. DPs still prefer to have direct access and dialogue with individual departments as opposed to a relationship system that bunches all DPs to one DP group that works within a sector or a cluster. In addition, some DPs indicated that although the PD principles are meant to reduce transaction costs, they seem to increase transactional costs due to the numerous meetings that DPs have to attend regarding PD issues.

Recommendations for Incentives

Incentive systems are put in place in order to motivate involved stakeholders to deliver. In the case of South Africa, incentives should equally play an important role for DPs to fulfil its obligations to the PD.

- There is need for DPs to put in place those incentives that will trigger improvements in the implementation of the PD in areas where the DPs have not performed that well (alignment-use of country systems, harmonisation-use of common arrangement or procedures and shared analysis).
- The DPs should equally revisit those issues which they see as disincentives to implementing the PD and thereby play their role accordingly to strengthen PC capacities in areas with the greatest concentration of disincentives (use of country systems- PFMs, reporting, use of country audits and procurement modalities).

5. Assessment of Partner Country behaviour

This chapter will seek to assess the Development Partner behaviour. Three different dimensions will be assessed: commitment, capacities, and incentives.

5.1 Commitment

PC behaviour in terms of commitment to the PD will be assessed against the following: PC understanding of ‘ownership’, key claimants and inclusivity of ownership, national development and aid policy objectives that hold political power in terms of high government commitment and their alignment of these to the PD commitments.

Ownership is considered to be “*the basis for successful development cooperation which is a prerequisite for achieving the MDGs*”⁵³. According to the South African 2007 ODA Policy and Guidelines⁵⁴, the most important of the PD principles is government ownership of ODA, which is considered to be a strong and non-negotiable priority. In addition, the importance of ownership can also be understood from the perspective of power:

*The PD has been packaged in such a way to suit DPs and we therefore need to be aware that the process is country driven. Currently the developing country signatories are outnumbered by the Development Partners – we need to have a stronger voice at the next High Level Forum than in the PD because at the moment too much discussion is taking place within the Development Partner Country context and not enough within the Partner Country context*⁵⁵.

Ownership is defined by PC respondents as demonstrating strong PC leadership by, for example, insisting on the use of country systems, completing projects or programmes, controlling PIUs and spending of budgets⁵⁶. The impression that ownership is understood as “*pride*” or that “*the South African government is too sensitive about ownership, sometimes to the detriment of service delivery*” also exist⁵⁷. However, the majority of PCs and DPs believe that ownership is critical and strong in South Africa and that this contributes to a more balanced relationship between the country and its Development Partners.

*Ownership is about the shift from ‘Tell me what you can give me’ to ‘I’ll tell you what I’d like you to do’*⁵⁸.

Since the 2006 Baseline Study, South Africa continues to demonstrate strong ownership, with the South African government determining and driving the development agenda, as well as leading joint programming. In addition, the national priorities are translated into strategies and plans at national, departmental, provincial and local levels⁵⁹.

Many PC respondents shared how they use the PD as a tool to assert their leadership and to manage DP and government relations.

⁵³ Smith et al. (2006)

⁵⁴ Consultancy to Review, Advice and Update the Policy Framework and Operational Guidelines for the Management of Official Development Assistance Lot 7: 2006/125408, ODA Policy Framework and Guidelines 2007, pg. 12-13

⁵⁵ Interview Department of Foreign Affairs (DFA)

⁵⁶ Interviews: SAPS and DoE

⁵⁷ Interviews: Belgium Embassy, KZN Office of the Premier

⁵⁸ Interview South African Police Service (SAPS).

⁵⁹ South Africa’s development strategies include Vision 2014, the Programme of Action (PoA), Integrated Sustainable Rural Development Programme (ISRDP), Urban Renewal Programme (URP), the Accelerated Shared Growth Initiative for South Africa (ASGISA), the Mid-term Budget Policy, Integrated Development Plans, and various sectoral plans.

Despite our challenges, it has become easier to request that we [PC and DP] all work together because of the PD. It's no longer only our voice insisting on alignment or harmonisation, and it's driven by National Treasury. We [South Africa] are in a stronger position because of the PD⁶⁰.

While ownership is strong in South Africa, it is important to highlight its claimants. At national level, particularly within National Treasury and its Chief Directorate: International Development Co-operation (IDC), ownership is generally very strong. The role of Parliament is also clear. According to the ODA Policy and Guidelines, *ODA shall be considered as additional to Parliamentary appropriations in the budgeting process for government entities⁶¹*. Parliament, on behalf of the people, therefore holds government accountable for its use of public funds, meeting targets set in the PoA and is consulted about Medium Term Budget Statement⁶².

Yet despite the intention of “government ownership [being] anchored at any of the three levels of government”⁶³, findings suggest that this is not always the case for all Departments and at all sub-national levels and particularly for municipalities⁶⁴. For example, according to the Department of Health, its ownership and leadership has been relatively weak due to capacity constraints. This has had an impact on the Department’s ability to coordinate DPs within the Health and HIV and AIDS sector⁶⁵.

It has been impossible to enforce the PD in this environment, and often we can only really manage the smaller donor⁶⁶.

It must be highlighted that many good practices of PC ownership exist, some of which have been presented in the various text boxes throughout the report. What is important to highlight is that the key to strong ownership seems to be awareness of the PD, sufficient capacity and incentives. These will be discussed further in sections 5.2 and 5.3

Good practice: Health and Environment

It is important to set up a DoH chaired Steering Committee comprising of the relevant departmental representatives that meets regularly and through which DPs can communicate. Interview BTC

The management of the SA-Danida Urban Environmental Management Programme (UEMP) comprises of the Programme Steering Committee (PSC), Programme Director and Manager at DEAT and Programme Secretariat - with a high level of representation from the participating departments and provides the programme with a high probability of successful implementation. This ensures greater ownership and transparency.

Interview DEAT

⁶⁰ Interview DST

⁶¹ ODA Policy Framework and Guidelines 2007: 12-13

⁶² OECD/DAC (2006) & ODA Policy Framework and Guidelines 2007: 15.

⁶³ ODA Policy Framework and Guidelines 2007: 12-13

⁶⁴ As was also found in Smith et al, 2006.

⁶⁵ Smith, 2007

⁶⁶ Interview DoH

Good Practice: Environment: Ownership

The Urban Environmental Management Programme (UEMP) is a continuation of environmental collaboration between Denmark and South Africa since 1995. Below are its good practices with regard to ownership:

- Priorities are determined by South African government and are included in and monitored through official business plans.
- All decisions, responsibilities and initiative rest with the ten partner administrations. The UEMP partners include: national and provincial governments i.e. the Department of Environmental Affairs and Tourism (DEAT), Department of Health, Gauteng, Western Cape, KwaZulu-Natal; and local government i.e. City of Cape Town, Ekurhuleni, eThekweni, City of Johannesburg and Sedibeng.

Interview DEAT, Western Cape DEAT
DEAT and Danida: Review of Urban Environmental Management Programme, 2007

Previous studies have recommended that ownership needs to be decentralised in order for it to be more effective⁶⁷. The evaluation team found that an effort is being made to decentralise ownership through the introduction of ODA coordination units within Departments and at provincial levels. It is still too early to see the benefits of these units – that is their appropriateness and their effect on increasing awareness of the PD and strengthening ownership at these levels.

Good Practice: Ownership at provincial level

The Office of the Premier serves as an entry point for DP coordination at provincial level. The evaluation team noted that KwaZulu Natal (KZN) and Limpopo provinces take the principle of ownership seriously. Limpopo has its own business plan that is aligned to the vision of the Office of the Premier. Both the KZN and the Limpopo provinces have developed their own policy frameworks based on the national one. The representatives of these two provinces also regularly attend and participate in national ODA coordination events, including those linked to this evaluation.

Taft, et al (2006) & Smith et al (2006)

Ownership was not found to be inclusive of civil society organisations. The potential role of CSOs is to encourage policy dialogue, setting priorities and to ensure transparency and accountability⁶⁸. However, CSOs' role within the PD remains unclear. This was highlighted at the Evaluation Stakeholder Feedback Workshop, where the under-representation of CSOs both in this study and in the PD was raised as a concern. While the IDC, for example, recognises the importance of CSO (one organisation is represented on the evaluation reference group), the South African ODA Policy and Guidelines do not make provision for the role of civil society organisations.

Other forms of assistance, such as direct support to NGOs or the private sector - although essential to development and part of aid flows to this country - fall outside South Africa's formal government-to-government development co-operation framework and are not covered in these guidelines⁶⁹.

Recommendations:

In order for ownership to be strengthened the following is recommended:

⁶⁷ Kerscher et al.2006.

⁶⁸ Kerscher et al.2006.

⁶⁹ *ODA Policy and Guidelines, 2007* cited in Consultancy to Review, Advice and Update the Policy Framework and Operational Guidelines for the Management of Official Development Assistance Lot 7: 2006/125408, ODA Policy Framework and Guidelines 2007, pg 5.

- There is a need to continue the aid management decentralisation efforts and include municipal levels and focus particularly on continued awareness raising and capacity building.
- It is important to explore and clarify the role of CSOs within the PD context.

In terms of **Alignment**, this section will focus on the degree to which DPs are aligned to PC developmental plans, tracking of aid and the use of country systems by DPs.

South Africa insists on alignment to national priorities and the use of country systems at a national level. These can be seen, for instance, in the manner in which most DPs adhere to national strategic priorities. However, as mentioned earlier, where there is little ownership and capacity, alignment can be one of the first casualties of the PD principles. Examples are cited of DPs who took advantage of the weaker ownership at sub-national levels to push their own agenda⁷⁰.

Currently not all aid flows are tracked and recorded within the system (especially evident at provincial and local levels). Some provincial governments are not always aware of the flow of ODA directly within the province because either the Department manages ODA at national level only and does not share this information with the Office of the Premier or DPs work ‘off budget’, or work directly with municipalities. In addition, some provinces and municipalities sign international co-operation agreements without the knowledge of the Department of Foreign Affairs or National Treasury⁷¹. This in-kind aid support towards development tends not to be recorded which will make assessing the full impact of aid on development impossible. For example:

In the KZN province only one ODA project is registered but 11 cooperative arrangements exist none of which are listed because they do not fall under ODA, even though they are aimed at development⁷².

Good practice: Bridging the gap

In the KZN province, the perceived gap between Foreign Affairs and National Treasury is being bridged through a forum chaired by Department of Provincial and Local Government (DPLG) to deal with the issue of coordination of international relations, including ODA.

Interview KZN Office of the Premier

When it comes to using procurement systems, the 2007 ODA Policy and Guidelines highlight the “*strong preference for the use of government structures and procedures for the management of ODA. This is considered essential to building government capacity, ensuring proper government ownership or ODA implementation and in reducing the confusion and high transaction costs that may result from using many different systems and procedures.*”⁷³ However, both PC and DP respondents report the tendency of some officials to request the use of the DPs systems (the reasons are discussed in greater detail in section 5.3 on incentives). The use of the country procurement system may therefore not always be the most appropriate⁷⁴.

⁷⁰ Interview with DEAT

⁷¹ Interviews: KZN and Western Cape Office of the Premier

⁷² Interview KZN Office of the Premier

⁷³ ODA Policy Framework and Guidelines 2007

⁷⁴ This was also already observed in the Smith et al 2006 *HLF on Harmonisation for Aid Effectiveness study*, where DP pressure to spend and show results was believed to lead to the temptation to do things themselves, which limited ownership for sake of delivery.

Good practice: Environment – Alignment

The Urban Environmental Management Programme (UEMP) meets the PD principle of alignment:

- The UEMP does not make use of parallel management and reporting systems. While it is integrated with South African procedures, it should only add limited administrative burden to the already stretched resources. The 2007 Review Mission did, however, find that this was not yet true for all role players, who considered the administrative burden to still be quite high.
- UEMP receives targeted sector support, i.e. “on-budget support” which means that the annual budget for support from Danida and government budgets is prepared for as part of annual Business Plans. Funds are therefore managed according to the government’s own systems and financial cycles, i.e. procedures, formats, time frames, reporting etc. duplicate or derive as directly as possible from those of the partner institutions.
- There are no conditions requiring spending in Denmark and the roll over mechanism for the funds from Danida increases the flexibility of the programme. The 2007 Review Team highlighted that there is a risk that funds get accumulated at budget accounts in departments and that the PSC and the programme lose its flexibility in directing the funds to the most innovative activities.

Interviews: DEAT, Western Cape DEAT
DEAT and Danida: Review of Urban Environmental Management Programme, 2007

The evaluation briefly explored the perceptions of DPs and PC respondents with regard to the ability of so called emerging Development Partners’ ability to attune to Partner Country needs. The initial survey revealed that DPs did not believe that emerging Development Partners are more able to meet PCs needs, whereas most PCs believe that they can. Whereas the majority of PCs did not expand further, one respondent felt strongly that...

...the fellow developing countries [emerging donors] approach their support to South Africa from the perspective of South-South cooperation, which is based on the three principles of complementarity, mutual benefit and solidarity - principles not found in the parlance of the OECD DAC or among individual donors. These principles are also nowhere to be found in the traditional donor/recipient relationship⁷⁵.

Recommendation:

- Based on the findings presented above, the evaluation team recommends as part of developing an operational plan for ODA effectiveness, the following questions should be discussed by PC and DP representatives: What degree of alignment is wanted by PCs and what is realistic? How can DPs influence their HQs to make alignment easier in South Africa? How can bottlenecks in implementation be addressed? There may be a need to build in a degree of flexibility with regard to some alignment elements which needs to be determined by the PC. One practical suggestion is the need to build the programme/project management component into the contractual agreement between DPs and PCs.

South Africa’s approach to **Harmonisation** and national DP coordination in particular, is different to many other countries. As discussed in the DP behaviour section, Development Partner coordination needs further debate before it can be strengthened.

Despite the differences in opinion around DP coordination, the evaluation team found evidence of increased harmonisation in South Africa including a gradual reduction in the number of missions of individual DPs (albeit the PC questions whether joint missions with so many different role players is realistic) and PC insistence that all DPs use the one common country analysis (In 2006 75% of country analysis in South Africa was coordinated and shared, which is 10% above the target⁷⁶).

⁷⁵ PC survey respondent.

⁷⁶ OECD/DAC (2006) PD Baseline Survey Country Chapter South Africa

There is also a shift towards making greater use of the cluster approach, with the PoA being organised according to clusters, with the aim of creating an enabling environment for the PD supported programme-based approach.

With some exceptions, such as Masibambane, a sector wide approach programme (SWAp), challenges still exist with regard to interdepartmental coordination (both between Departments and government levels) due to continued 'silo' thinking and weak local coordination capacity ascribed to high staff turnover and vacancy rates. As a result, some duplication can still be found particularly at local level⁷⁷. It was acknowledged that improvements in collaboration would require more time. For example, in the good practice case of Masibambane, the programme has been adapted from lessons learnt over the past ten years.

Good practice: Environment: Harmonisation

The Urban Environmental Management Programme (UEMP) demonstrates good practice with regard to harmonisation:

- The UEMP shifted from individual project focus to programme-based approach with geographic and thematic focus areas and an overriding poverty focus, supporting environmental management at national, provincial and municipal level. The rationale behind this shift is the recognition by Danida that their ODA contribution is small and through strategically positioned resources it has the ability to make a significant difference.
- The UEMP seeks to enhance inter-governmental cooperation for coordinated and effective municipal implementation of public sector services. It demonstrates strategic cooperation between the three government tiers (national, provincial and municipal) in areas with new legislation on waste management and areas where there is a need for all government layers to cooperate. Through the various UEMP forums, municipalities have the opportunity to share experiences and lessons learnt which strengthens cooperation. The 2007 Review Team also found that cross departmental cooperation at the municipal level enabled environmental Departments to promote integration of environmental issues into plans and management procedures including cooperation with environmental health functions (as demonstrated in eThekweni).
- The Review Team concluded that "the UEMP is seen as a possibility to bring operational people in the municipal administrations together".

Interviews with DEAT, Western Cape DEAT
DEAT and Danida: Review of Urban Environmental Management Programme, 2007

South Africa plays a critical role in supporting development in the region and is currently involved in providing support to amongst others, the Democratic Republic of Congo, Mozambique, Sudan and Rwanda⁷⁸. However, it struggles to effectively harmonise this regional role as interventions are often loosely coordinated thus putting pressure on participating Departments⁷⁹. At present there is an absence of a coordinated country strategy on regional development assistance. Departments typically plan separate interventions in regional countries and due to their ad hoc nature, few Departments have a clear budget for regional activities.

Recommendations:

In the interest of improving harmonisation, the following is recommended:

- The national DP coordination issue needs to be debated further by PCs and DPs to unpack both the fears and motivations for and against such a forum: What is the gap and how can it

⁷⁷ First PD evaluation workshop, 10 January 2008.

⁷⁸ Interviews: SAPS, FA

⁷⁹ Smith, et al (2006)

be filled? How should division of labour be decided? (See Mauritania's case study⁸⁰ division of labour tool as a possible starting point).

- The IDC needs to consider restructuring according to cluster lines and the relationship between international relations and ODA should be discussed.⁸¹
- There is need to hold more regular Development Counsellor and ODA Coordinator Forums and establish Cluster ODA Forums to ensure ODA effectiveness.
- One suggestion is that a coordinating unit within the Department of Foreign Affairs (DFA) 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 feasibly within the existing structure of the DFA.

These recommendations need to be operationalised to ensure improved ODA coordination and to close the gap between policy and implementation.

Since 2006⁸² South Africa has made some progress in terms of the **Managing for Results** principle. Most departments and provinces have completed a process of developing their own monitoring and evaluation systems, many of which are fully functioning (for example DWAF, Eastern Cape province and many more). The Presidency has recognised that while many of these systems are functioning well individually, there is a need for an overarching framework that will allow the existing systems to be integrated and streamlined. This is the function of the Government Wide M&E System⁸³. It is an umbrella policy framework that embraces existing systems, identifies and provides guidelines for three 'data terrains' (evaluations, performance information from programmes and statistics) by bringing together other frameworks and guidelines. This umbrella policy framework lays out a set of principles, mandates, roles and responsibilities and other guidelines to ensure that the existing systems speak to one another and that they therefore are all linked to enable monitoring the country's progress towards achieving the PoA. Thus the GWMES promotes RBM and will also consolidate Managing Programme Performance Information⁸⁴ frameworks throughout government. By so doing it will harmonise the various provincial approaches to RBM into one internationally accepted standardised approach across all nine provinces. South Africa has in 2007 also started monitoring its own development indicators⁸⁵ and Statistics SA has developed a statistics quality assurance framework⁸⁶ which aims to further strengthen the PC's ability to produce sound data and findings. These efforts have obvious consequences relating to capacity, which will be discussed below.

The PD provides useful context for country-level discussions on how to promote **Mutual Accountability** and for the PC to hold DPs to account for internationally agreed commitments.⁸⁷

Accountability suggests the mechanisms through which people entrusted with power are kept under check to make sure that they do not abuse it and that they carry out their duties effectively⁸⁸.

There are three main requirements for mutual accountability: the availability and use of information, mechanisms for monitoring performance and the existence of adequate incentives for compliance.⁸⁹

⁸⁰ Matshalaga et al 2007,

⁸¹ Also recommended by Kerscher, et al 2006

⁸² In 2006 serious gaps in RBM and M&E were identified by Smith et al 2006

⁸³ The Presidency (2007) Government-Wide M&E System Framework.

⁸⁴ National Treasury (2007) Managing Programme Performance Information Framework.

⁸⁵ The Presidency, (2007) Development indicators.

⁸⁶ Statistics SA (2007) South African Statistical Quality Assurance Framework (SASQA)

⁸⁷ ODI paper, 2006

⁸⁸ ODI paper, 2006

⁸⁹ ODI paper, 2006

With regard to availability and use of information, besides sound RBM, one important tool for mutual accountability is the DCIS, the IDC's website. At the time of the evaluation, the IDC was continued its 18-month process of improving the DCIS system based on the recommendations of previous studies⁹⁰. The intention is to change the information database to a web-based strategic management system and to incorporate the many suggestions from various stakeholders to ensure its use for effective ODA management and coordination. It is estimated that this new system will only be operational in one years' time. In its current state, however, it does not sufficiently support mutual accountability.

In terms of the second requirement for accountability, South Africa has some existing mechanisms. All government structures need to report against the Programme of Action (PoA) to Parliament. South Africa also uses the annual consultations with DP and PC stakeholders to track mutual progress in implementing partnership commitments as per country cooperation agreements⁹¹. However, if the attendance and participation in annual consultations is a measure of mutual accountability, then not all Departments have demonstrated strong commitment to this principle⁹². Other mechanisms include joint evaluations and mutually agreed reporting formats. As discussed in the DP behaviour section, there is room for improvement.

The third requirement relating to incentives is a concern. As will be discussed in section 5.3, there seem to be few incentives and some barriers to implementing the principle of mutual accountability.

Recommendations:

The evaluation team would like to suggest the following recommendations for improving mutual accountability in South Africa:

- A deeper, common understanding of mutual accountability needs to be developed by DPs and PCs through debate.
- Mutual accountability mechanisms need to be strengthened.
- The efforts to upgrade the DCIS should continue and receive sufficient capacity and resources to help speed up this process.

5.2 Capacity

This section will explore the issue of capacity and how it influences the five principles of the PD.

Ownership: South Africa demonstrates strong ownership/leadership capacity particularly at policy and strategic level. However, the evaluation team supports the 2006 findings that “*ownership capacity largely resides in National Treasury and many key national Departments, outside of which ownership/ leadership is ‘patchy’.*”⁹³ This has been ascribed partly to the lack of awareness of the PD particularly at operational levels, as well as overburdened officials who have to deal with high vacancy rates and staff turnover.

Recommendations:

The evaluation team would like to emphasise the need for an operational plan, which will address the need to develop greater ownership/ leadership within all Departments and at sub-national level.

Alignment: While the majority of respondents agree that South Africa's systems are good⁹⁴, many believe that some Departments and officials at some sub-national levels struggle to use these systems

⁹⁰ Kerscher et al. 2006 & Smith et al. 2006

⁹¹ Smith et al. 2006

⁹² Interview: DEAT

⁹³ Kerscher, T., Nell, M., Louw, T. (2006) A study to identify best practice models of ODA support to capacity development in South Africa.

⁹⁴ World Bank's AER reports that South Africa's fiduciary systems are generally sound (OECD/DAC (2006) PD Baseline Survey Country Chapter South Africa)

effectively. A particularly critical issue is under-spending of budgets. This not only affects ODA (with some DPs highlighting their growing struggle to advocate with their HQs for more and/or continued ODA support to South Africa) but is obviously a major stumbling block in terms of South Africa achieving its development goals.

Technical skills, such as project management, coordination, time management and MTEF and budgeting skills are common skill gaps. In order to communicate development priorities, managers at all levels also need to be able to think strategically in order to identify critical components of interventions (which should not be dependent on DP funding) and to incorporate cross-cutting national issues, rather than only focusing on specialist, unit or departmental interests⁹⁵.

A common way in which DPs support capacity building is through technical assistance (TA). Both national and provincial levels value TA for its ability to address procurement and capacity constraints and to build sustainability⁹⁶.

The success of the UEM Programme was largely due to the technical assistance offered by a dedicated person who was able to fast track the process⁹⁷.

More time should be spent on project roll out but government doesn't have the necessary capacity. Without outsiders doing TA, the programme responsibility is number 20 of many others for one person and it just cannot get the same attention. While we all know that project management capacity is a critical part for delivery, in reality it can take government between eight months to one year to create the post and fill the position. And it's even more difficult to fill such a temporary appointment. It therefore cannot create posts for donor projects [which are temporary].⁹⁸

While some are concerned about the increasing tendency to reduce the involvement of aid agency staff in the field⁹⁹, others are concerned about the degree of skills transfer through TA¹⁰⁰. Certain key enabling factors for TA were identified in the 2006 Study on Best Practices of ODA Support to Capacity Development in South Africa. It identified many good practice case studies, including DFID's Integrated Provincial Support Programme¹⁰¹ (IPSP) and Consolidated Municipal Transformation Programme¹⁰² (CMTP); GTZ's Public Service Reform Programme¹⁰³ (PSRP). Factors identified as critical in ensuring the best results included both role players being open to learning, integrating the technical assistance into the management structures of the Department being supported and that the DP understood the context of the programme/project well. Long-term relationships (between external advisors, technical assistants and consultants managers and staff in government) together with an appropriate exit strategy were also considered important¹⁰⁴.

⁹⁵ Interviews: DEAT and KZN Office of the Premier

⁹⁶ Interviews: DEAT and KZN Office of the Premier

⁹⁷ Interview DEAT.

⁹⁸ Interview KZN Office of the Premier

⁹⁹ Kerscher, et al. 2006

¹⁰⁰ Interviews: Department of Health and DEAT

¹⁰¹ IPSP of DfiD had, as its key counterpart agency, the DPSA and also brought on board GTZ and AUSAid. The intention was to develop a process through which the DPSA could take responsibility for increasing provincial capacity to identify and carry through key pro-poor programmes.

¹⁰² The CMTP is a DfiD programme which started in 2003 and has only been operational since mid-2004. The chief counterpart is the DPLG and there are synergies with Project Consolidate, a purely South African government funded programme. The CMTP involves the provision of advisors and specialists to assist local municipalities.

¹⁰³ It is a flexible support programme to support relevant projects which include interventions at a national and provincial level. The PSRP is seen as picking up where the DfiD funded IPSP leaves off.

¹⁰⁴ Kerscher, et al. 2006

Lessons learnt: Technical Assistance: Health

A key lesson learnt by DPs (DFID and BTC) when working with the Department of Health is that technical assistance cannot be forced onto a PC where no perceived need exists. A needs analysis is therefore critical to ensure that the needs of the Department are met.

It's a delicate dance to identify a need and to provide resources **Interview DifD**

The issue of sustainability and skills transfer is also raised with regard to Programme/Project Implementing Units (PIUs). According to the PD, the number of PIUs should be decreased. (In 2006 there were only 15 PIUs in South Africa¹⁰⁵). The concern is that many existing PIUs are not building capacity in the relevant Departments. The Department of Health (DoH) shared the following challenges regarding PIUs:

- High staff turnover in PIUs prevents continuity and results in high transaction costs for the Department as “*we continuously have to brief them on the context*”.
- There is little consultation with DoH on who will staff the PIUs or who will replace PIU staff.
- PIUs report directly to the DP as opposed to DoH managers.

The experience of PIUs at implementation level is slightly different - it is believed that PIUs can be useful in accelerating implementation and at the same time providing transfer of skills, depending on how they are set up¹⁰⁶. (Key is strong PC ownership and integration into management.)

Recommendations:

To enhance capacity within the context of alignment, the evaluation team suggests that the PD alignment recommendations (relating to TA and PIUs irrespective of their nature) may need to be reviewed to determine what degree of flexibility is most suitable for the South African context.

Harmonisation: Whilst a sophisticated ODA coordination system is in place at national and provincial levels within government and is guided by a clear policy, ODA coordinators are not always clear on their role in negotiation with DPs (lack of appropriate skills being particularly prevalent)¹⁰⁷. The ODA coordination teams sit at senior management level but are generally still small and new (for example, the Department of Justice and Provincial KwaZulu Natal Department of Health ODA units were about four months old and not all posts within the units are yet filled¹⁰⁸). Their position, however, seems to vary from Department to Department. As one respondent explained:

*ODA is not a priority for all Departments and it depends on the size of the ODA proportion of the budget. However, if ODA is included in the strategic or business plans, there is an incentive to participate.*¹⁰⁹

Most ODA coordinators (who tend to be content specialists rather than ODA specialists) requested more capacity building support and guidance from National Treasury or their respective Departments, with a special focus on relevant negotiation and technical skills¹¹⁰.

¹⁰⁵ OECD/DAC (2006)

¹⁰⁶ Interview with KZN Office of Premier and DEAT

¹⁰⁷ Kerscher, et al. 2006

¹⁰⁸ Interviews: DoJ, KZN DoH

¹⁰⁹ Interview DEAT

¹¹⁰ Interview DEAT

Many PC and DP respondents believe that the IDC itself is overburdened due to lack of capacity (high staff turnover and a small team). Its role includes policy, strategy and coordination with each aspect requiring many resources to meet the relevant expectations.

Recommendations:

The evaluation team would like to echo the findings of previous studies regarding strengthening capacity building for harmonisation and highlight that these must be operationalised by the IDC. They include the:

- *Need for DPs to support the strengthening of coordination capacities at all levels of government, working closely with the IDC to achieve its objective¹¹¹,*
- *Need for holistic capacity building – not just technical skills regarding ODA to address weakness within certain Departments in terms of their capacity to seek ODA, manage ODA and report on the impact of ODA¹¹²*
- *Need for ODA coordinator’s capacity to be strengthened in coordination: IDC needs to ensure that ODA coordinators [...] have a real understanding of Medium Term Expenditure Frameworks [...and] knowledge of the broader context and technical skills¹¹³.*

It is also recommended that the IDC also needs to revisit its strategy. Some guiding questions include: What does the IDC want to achieve and what needs to be in place to achieve this. Does it require more staff members? Is the cascading model of information and skills sharing appropriate? What are the coordination challenges and what mechanisms or structure could support it? What other models exist? What role should the IDC play in terms of capacity building?

Managing for Results: A general gap in RBM skills (project management, time management and monitoring and evaluation skills) exists at all levels of government. The Presidency is driving the current country wide effort to address these gaps through the “massification” of the government’s capacity building strategy, which hopes to train every public official in RBM related skills.

Recommendation:

- Capacity building efforts for RBM should continue with eth support of DPs.

Mutual Accountability: The need to strengthen the mutual accountability process has been identified and this will need to be accompanied by appropriate capacity building to ensure the full participation by relevant stakeholders.

Recommendation:

- This need should also be addressed in the IDC’s ODA operational plan.

5.3 **Incentives**

This section of the report will explore whether Partner Country systems motivate staff to fulfil national development and aid policy commitments and what possible disincentives exist to implementing the PD.

While no specific incentive framework exists for officials to implement the PD, it may be useful to clearly link the PD principles to PC performance appraisals. Many PC 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 there are many disincentives and barriers to implementing all five elements of the PD. Examples are given of how in some cases (usually at

¹¹¹ Smith et al. 2006

¹¹² Smith et al. 2006

¹¹³ Kerscher, et al. 2006

municipal level) ownership is compromised in the interest of speedy implementation or for a boost to budgets.

Some Departments and sub-national Departments request the use of DP systems in favour of their own - again in the interest of speeding up delivery and/or to avoid the administrative burden associated with ODA. For example, at operational level, the weaknesses in the supply chain increase the chances of delays. A programme manager would think twice about taking on a DP funded programme – a programme that will require meeting demands linked to activities and time frames which may already be unrealistic, require additional, varied reporting and other conditions. Such a programme manager might think:

‘Is it worth jumping through all of the donor hoops? It’s my job that’s on the line - for one tenth of the overall budget’. There is nothing in place [incentives] for Heads of Departments to implement ODA programmes. They are considered a headache¹¹⁴.

The fear of some PCs is that they will lose some of their bargaining power and leverage should a national DP coordination forum be created, a perception also reflected in a 2006 study¹¹⁵. It seems that the incentives are not yet (and may never be) strong enough to ensure harmonisation since both DPs and PCs continue to protect their own interests.

At implementation level, some officials experience DPs overemphasising RBM for the wrong reasons. For example, a DP insisted that a project perfect its log frame, a process that took 18 months, by which time the project was already completed and the log frame was never used as the intended results based management tool¹¹⁶.

Finally, some PCs believe that South Africa and the officials are carrying more responsibility and risk for ODA than their DP counterparts. In particular, two aspects are highlighted. The first is the high political risk attached to possible mismanagement of ODA programmes compared to the relatively small ODA amount. Secondly, in recognition of the need for more resources to build ODA management capacity, as well as the fact that several DPs are planning their exit strategy for 2009 and 2010, the questions stand: Is it worth the cost? Is there a large enough incentive?

What this highlights is that South African Departments continue to “vacillate between seeing the real strategic role that ODA for capacity development can play if handled intelligently and a tendency to use it more trivially or even to avoid it because of the inherent bureaucratic challenges it poses.”¹¹⁷

Recommendations:

These barriers need to be discussed and appropriately addressed before the PD can suitably be implemented in South Africa.

- An IDC operational plan should include plans to address the tensions between country systems, capacity shortages and the pressure to deliver.
- It is important to keep the cost benefit in mind for each plan, highlighting that there is no one size fits all solution.
- Incentives should equally be strengthened through, for example, more flexibility when applying the PD principles, together with greater mutual accountability – all within the bigger picture of aid effectiveness.

¹¹⁴ Interview KZN Office of the Premier

¹¹⁵ Smith et al. 2006

¹¹⁶ Interviews: KZN Office of the Premier, DoE

¹¹⁷ Kerscher et al. 2006

6. Emerging results

This chapter will seek to capture emerging aid effectiveness process results and/or outputs.

An analysis of the electronic survey completed by respondents¹¹⁸ (see Annex 4 for questionnaire) provided an overall score for the perceived utility of the PD and perceived DP and PC behaviour (Figure 2)¹¹⁹. It is intriguing to note that both PC respondents and DP respondents have rated the utility of the PD and PC behaviour in almost identical fashion, whereas a difference in perception can be seen with regards to DP behaviour (DP respondents have rated themselves higher than did PC respondents). What this graph illustrates, and the qualitative information discussed in the previous sections of this report seems to support this perception, is the notion that:

- The PD is an effective tool, provided it can be adapted to the South African context,
- DPs and PC are in broad agreement as to where South Africa is doing well in implementing the PD and where the challenges remain, and
- More work is needed to develop a mutually acceptable understanding amongst both DPs and PC as to the important role DPs can play in realising South Africa's development priorities and what this role should entail.

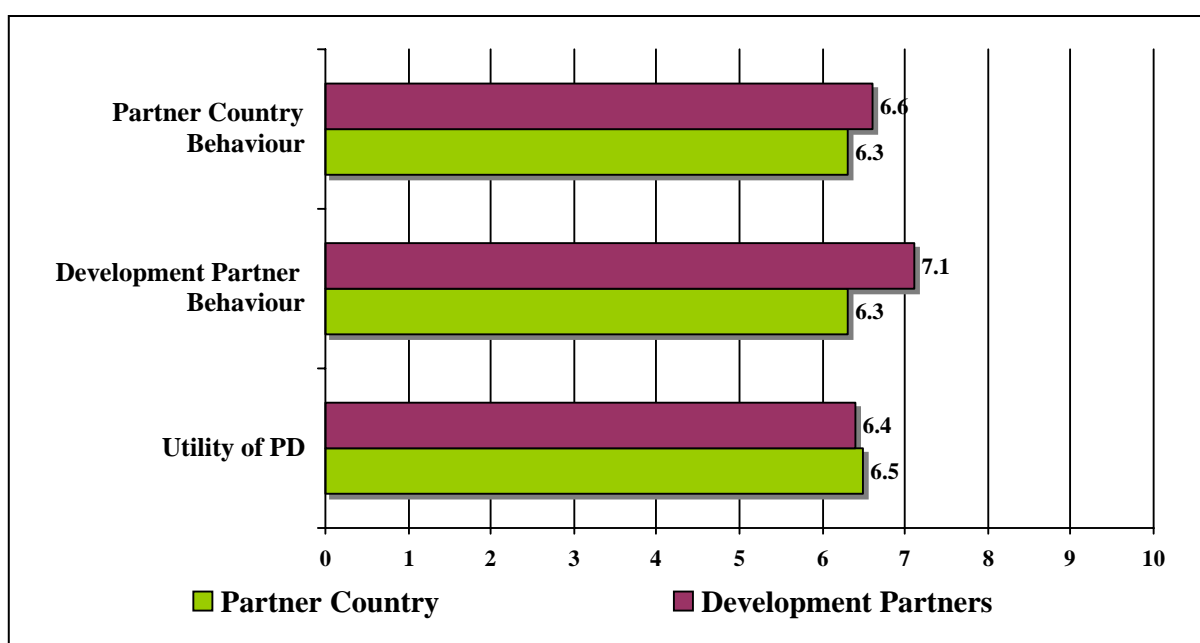


Figure 2: Respondents' rating of the implementation of the PD in South Africa

Expanding the analysis of the electronic questionnaire, and drawing on the previous sections, it is possible to identify results of change processes that have changed as a result of the PD (which includes shifts in DP and PC behaviour) and what the outputs of these changes have been.

6.1 Process results

With regards to process results this evaluation team has found that South Africa is “**doing the right things**” in terms of implementing the PD. Ownership has been entrenched, and South Africa is

¹¹⁸ The electronic questionnaire completed by 14 representatives of the South African Government and 20 Development Partners

¹¹⁹ For each index, the average for each relevant item was calculated. The index was then calculated by adding all the averages for each indicator and then establishing an overall average score out of 10.

providing strong leadership of its own development agenda. PC respondents noted a more confident attitude towards expressing and asserting its leadership. The PD is being used by PC officials as a tool to confidently assert themselves when negotiating with DPs. Moreover, South Africa now has strong coordination mechanisms in place to manage the ODA process.

DPs noted that ODA was being more responsibly managed and PC being more accountable for it. IDC developed an ODA policy and guidelines and an ODA management structure has been set up in national departments and the Office of the Premier at provincial level. Respondents also argued that it has pushed South Africa to rethink both Alignment and Harmonisation, and consider a more flexible approach to these two commitments.

Greater alignment to PC priorities and clarity regarding development priorities, the growing trend of PC insisting on use of country systems, and greater efforts being made to share information through more regular meetings between PC and DPs were all identified as key results of changes in processes. Improved joint analytical work was also identified as a key process result for harmonisation. However, few respondents noted key changes for mutual accountability and managing for results.

Unintended positive process results were also identified by respondents and these included government officials noting that there has been an increase in the level of coordinators and number of staff dealing with ODA, improved coordination between departments on issues of ODA, and DPs have noted that South Africa has gained more visibility and leverage within the international context (especially in forums such as DAG, ALF, OAU, and the G20).

Respondents also noted that there had also been certain negative unintended consequences of implementing the PD, these included an increased emphasis on quantitative measures embedded in the PD (such as volumes of ODA, numbers of PIUs and so on) rather than qualitative issues which speak to the quality of support, effectiveness and efficiency issues. Respondents also noted that there may be a danger of the PD (due to its broad scope) cementing the Development Partner role and inhibiting other types of partnerships (e.g. public-private partnerships) need for effective development.

6.2 Outputs

The evaluation team has argued in this report that in term of “**doing things right**” South Africa has taken the necessary steps to ensure that strong coordination mechanisms are in place to manage the ODA process. Under the auspices of National Treasury (International Development Cooperation Unit) the Government has put in place an intergovernmental system for managing ODA flows to the various Government sectors. Most Government line departments have international relations units that manage ODA, with dedicated staff members working on ODA-related issues. At the provincial level the Offices of The Premier have established units to manage ODA to the provinces.

In effect South Africa has established a coherent and workable system for ensuring ODA coordination and DP harmonisation, out of which the desired aid effectiveness outputs are emerging such as country strategy papers, cluster development forums, coordinated capacity development programmes and so on.

However, whether these outputs have resulted in transaction costs increasing or decreasing, most respondents felt it was too early to tell. As noted earlier there is a sense at present that the implementation of the PD is “time consuming”, “led to more meetings” and that field staff often perceived the PD as “an add on”. Respondents were nevertheless optimistic that over time this would change and demonstrable proof of transaction costs diminishing will emerge. Thus whilst the he framework for DP coordination and Development Partnership is undoubtedly in place in South Africa, future studies will need to assess the outcome of this output.

7. Conclusion

This first phase evaluation of the implementation of the PD in South Africa found that there is strong “buy-in” to the PD, even though PC leadership of initiatives to tackle development priorities is uneven across different levels of government. Moreover, there is a widely held perception that whilst PC has emphasised Ownership, Alignment and Harmonisation, DPs 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 PD commitments and South Africa is making good progress towards realising the ambitious goals of the PD. Implementing the PD will undoubtedly continue to gather momentum, but should be accelerated with respect to Alignment, Harmonisation and Mutual Accountability.

Therefore 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. The benefits of such a plan would include developing a common purpose for all ODA practitioners in South Africa, ensuring a coherent, integrated and coordinated approach to aid effectiveness, and assist in managing expectations and clarifying the roles and responsibilities of all key stakeholders. Moreover, a plan of this nature would ensure greater decentralisation of roles and responsibilities required, particularly at the local level of government. Such an “*Aid Effectiveness Operational Plan*” could also identify ways in which technical assistance (TA) 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 PD’s five commitments as follows:

Ownership

- Where appropriate and applicable, relevant PC institutions (especially in certain provinces and at local government level) need their capacity strengthened to ensure they can exercise effective ownership of the whole aid management process
- Need to explore and clarify the role of CSOs within the PD context

Alignment

- Ensure Development Partners align their support to cluster priorities, formal institutions, definitions used by PC, formal communication structure and so on.
- Encourage DPs in South Africa to advocate for policy changes regarding use of country systems with their respective HQs
- South Africa takes the lead in promoting increased use of PC’s systems and exploring the DPs’ role in strengthening South Africa’s systems to make them more efficient and effective
- DPs 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 PC for managing and coordinating division of labour.
- The national DP coordination issue needs to be debated further by PCs and DPs to unpack both the fears and motivations for and against such a forum: What is the gap and how can it be filled? How should division of labour be decided? (See Mauritania’s case study¹²⁰ division of labour tool as a possible starting point).

¹²⁰ Matshalaga, N. & Erickson, M.J (2007), Evaluation of the UNDG Contribution to the Implementation of the Paris Declaration on Aid Effectiveness, Mauritania Case Study.

- The IDC needs to consider restructuring according to cluster lines and the relationship between international relations and ODA should be discussed.¹²¹
- There is need to hold more regular Development Counsellor 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 DFA.

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 newly developed GWMES and existing departmental M&E systems.
- A deeper, common understanding of mutual accountability needs to be developed by DPs and PCs 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 DPs' experiences elsewhere in the developing world).
- The efforts to upgrade the DCIS should continue and receive sufficient capacity and resources to help speed up this process.

Whilst the details of an “*Aid Effectiveness Operational Plan*” will need to be negotiated in consultation with all key stakeholders in South Africa, the evaluation team would suggest that this process incorporates the following:

1. Establish a Task Team to coordinate the process, led by IDC and made up of PC representatives and representatives from the DPs¹²².
2. The Task team establishes two working groups – a group that focuses on the needs of PC and a group that focuses on the PD
3. PC Working Group would focus on issues raised by previous studies on aid effectiveness in South Africa, such as:
 - Management and coordination of ODA within, and between, departments, provinces and at local government level
 - Capacity development required to strengthen existing ODA units
 - Effective information sharing on ODA between different levels of government
4. PD Working group's tasks would include:
 - Initially focussing on Alignment, Harmonisation and Mutual Accountability
 - Prioritising aspects of these three commitments that need to be addressed, taking South Africa's specific context into account
 - Exploring the means to ensure effective participation by all relevant stakeholders in existing cluster forums and ensuring PC ownership of these forums (without creating new or parallel structures)
 - Assessing the feasibility of ensuring improved and increased alignment and harmonisation by DPs to PC's systems
 - Providing locally adjusted definitions where appropriate (such as PIUs and joint missions)
5. Once tasks have been identified and agreed upon by both working groups the Task Team would then consolidate these into an implementation plan with an appropriate time frame, and identify who will take responsibility for overseeing the successful completion of these activities.

¹²¹ Also recommended by Kerscher, T., Nell, M., Louw, T. (2006) A study to identify best practice models of ODA support to capacity development in South Africa.

¹²² The success of joint workshops (PC and DPs) conducted during this evaluation would suggest that the launch of the Task Team should also be done through a 1 or 2 -day workshop to allow all stakeholders to contribute to shaping the process, promote accountability and transparency, and thereby ensure commitment to this initiative.

First Phase of the Evaluation of the Implementation of the Paris Declaration South Africa Terms of Reference Country Level Evaluations

1. INTRODUCTION

South Africa is a signatory to the Paris Declaration on Aid Effectiveness (March 2005). In the Declaration partner governments, donor countries, and development agencies agreed to a set of principles – country ownership, harmonisation, alignment, managing for development, and mutual accountability to improve the use of aid.

In March 2005, development partners and governments agreed to 12 indicators¹²³ on aid effectiveness and targets for the year 2012 that are being monitored by the OECD's Development Assistance Committee (DAC). In 2006, a Survey on Monitoring the Paris Declaration was conducted, covering 34 partner countries – including South Africa. The next step in the monitoring process is cross-country evaluations. South Africa is one of 10 countries that have been selected for a cross-country evaluation process.

2. 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. Furthermore the evaluation 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 focus on input and output levels, through a series of partner country, development partner¹²⁴ headquarters, and thematic evaluations. The second phase of the evaluation (up to 2010) will focus on outcome and impact levels. The evaluation will complement the monitoring of the implementation of the Paris Declaration, undertaken through the Joint Venture on Monitoring.

¹²³ List of indicators is attached as an ANNEXURE

¹²⁴ By Development Partners is meant donors, multilateral agencies, IFIs and other organisations engaged in development assistance

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

The first phase will run from March 2007 to July 2008 and will aim at providing information on the 'HOWs and WHYs' of the implementation process of the Paris Declaration in order 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.

The second phase of the evaluation will run from the HLF in Ghana in 2008 up to the 4th HLF in 2010. This second phase will focus on whether the intended long-term effects of the Paris Declaration are being achieved.

3. PURPOSE AND OBJECTIVES

While the **overall purpose** of the evaluation is to provide information about the end impacts and effects of implementation of the Paris Declaration principles; the first phase of the evaluation will only focus on input, the implementation process and (to the extent possible) on the level of outputs: Are development partners and partner governments doing what they said they would do? If not, why not? What difference is it making at country level?

The **specific purpose** of the evaluation is to assess what constitutes better practices for partner and development partner behaviour in regard to implementation of the Paris Declaration. Starting from the premise that implementation of the Paris Declaration principles will lead to more effective aid, emphasis will be on *learning* by asking the twin questions: are we doing the right things and, at the output level, are we doing things right?

The **objectives** of the evaluation are:

- To deepen the understanding of the lessons emerging from the Paris Declaration's baseline survey conducted in 2006.
- To facilitate global learning on aid effectiveness and to facilitate a more efficient implementation of the Paris Declaration by the evaluated countries.
- To make specific recommendations to the evaluated countries and to the global aid community for improving aid effectiveness.
- To provide the basis for the second phase of the evaluation.

4. SCOPE AND FOCUS OF THE FIRST PHASE OF THE EVALUATION

Since the endorsement of Paris Declaration (PD) in March 2005, at least 60 countries have taken steps to implement the PD. Of these, 34 countries have undertaken the 2006 Survey on Monitoring the PD. From the Survey Report, which summarised the baseline findings¹²⁵, and from country-specific implementation experiences recorded in a range of different studies, evidence on three dimensions of the aid effectiveness agenda can be identified:

¹²⁵ The survey report is scheduled for release March/April 2007.

- The utility of the PD itself as a tool for aid effectiveness¹²⁶;
- The change of development partner (i.e.donor) behaviour in terms of alignment of their policies, systems and procedures to implement the PD commitments; and
- The change of partner (i.e. recipient) behaviour, with ownership as the key entry-point

These three dimensions will constitute the **main scope** of the evaluation.

The Paris Declaration as a Tool for increased Aid Effectiveness.

Regarding the utility of the Paris Declaration as a tool to foster aid effectiveness three core issues have been identified:

a. Clarity. In many countries it has been unclear how implementation of commitments under the PD should be interpreted and assessed; which has led to potential lack of parity in the monitoring process. First of all, most countries have experienced difficulties in transposing the various indicators of the PD to the country context. Indeed according to the Survey Report, few country groups seem to have been able to reach a consensus on locally adjusted definitions. Especially the indicators concerning capacity strengthening (indicators 4 and 6) and programme approaches (indicator 9) have given rise to extensive discussion and, in some instances, further normative work.¹²⁷ But also indicators providing a relatively unambiguous measure of progress, such as indicator 5 for alignment to country systems and procedures, have been subject to measurement problems.¹²⁸ As a result of the perceived lack of *clarity*, the lowest denominator has often been applied allowing development partners to place their performance closer to the targets than what would otherwise be the case. It comes therefore as no surprise that the Survey Report cautions against a naïve utilisation of the baseline data and that firmer steps are needed to ensure the standardisation of measures for the next survey rounds.

b. Relevance. Also the *relevance* of some of the Paris Declaration Indicators has been questioned during implementation in regard to the perceived main aid effectiveness issues in-country. Some of the indicators appear too narrowly defined to capture the intended commitment. E.g. ownership dimensions which are crucial to the whole aid effectiveness venture are only measured by the proxy indicator of the existence of national development plans, while the interest of the country's senior officials and its politicians in setting the agenda for development efforts is not captured. Another example is the reduction of parallel implementation units (PIUs) as a sole measure of capacity building. Furthermore, some of the commitments included in the PD are not captured in the 12 indicators such as commitments concerning donor-to-donor delegation and complementarities of development assistance – issues critical to the harmonization agenda. As a result, the implementation of these commitments at country level, have proven difficult to pursue. In addition, current country progress measures considered critical to the attainment of the aid effectiveness agenda are not captured by the PD indicators such as harmonization of salary supplements and allowances, and codes of conduct for capacity building.

¹²⁶ There is no agreed-to definition of aid effectiveness, but a widely held consensus about the different changes in behaviour and practice which are together taken to comprise effective aid.

¹²⁷ See e.g. *PIU Reference Matrix* of Cambodia: <http://www.oecd.dac/dataoecd/42/58/37105997.pfd>

¹²⁸ E.g. according to the Survey Report, for several countries it is not clear that all of the programmes included as using country budget execution systems are accurately described as « subject to normal country budgetary execution procedures, namely procedures for authorisation, approval and payment, as specified in the survey's Definitions and Guidance paper.

c. Coherence. Thirdly, the *coherence* of the Paris Declaration, in terms of the inter-linkages between the various commitments and indicators, has also been challenged. In particular, alignment to partner policies *and* alignment to financial management and procurement systems are experienced to be contradictory – at least in the shorter term – due to inefficient governance systems which slow programme implementation and hence the meeting of the MDGs. In the rural water sector in Benin for example, the disbursement level fell from 108 per cent in 2004 to 55 per cent in 2005 due to new alignment measures – a difference in disbursement that had a direct influence on the number of water points installed.¹²⁹

Development Partner Behaviour

In regard to development partner behaviour required to meet the PD commitments, a number of issues have been identified.

a. First of all, a **disconnect between development partner headquarter policies and in-country practices** has been noted, which has led partner countries to increasingly voice their concerns about the slow pace of change in development partner practices. In particular, development partner driven technical cooperation and lack of progress on untying aid have been highlighted as areas of concern. While there is agreement that development partner *commitment* is critical for even PD implementation, the picture is less clear in terms of the entry point for reinforcement – headquarter or field offices, or both. For some development partners there is a tendency for the PD to be owned by policy staff at headquarters 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 reverse with country level staff experiencing difficulties in engaging in collaborative efforts due to legal liability and financial control concerns of headquarter. Indeed, in some instances the legal liability concerns of development partner HQs have led to initial below-PD commitments at field level.

b. Communication and Understanding While the development partner's headquarters/field level disconnect is a real issue, country experiences demonstrate that leadership on PD commitments is first and foremost person-borne reflecting, commitment/ownership differences of individual staff as well as uneven *capacities*. Indeed, a single development partner representation might represent very different approaches to aid effectiveness as has been registered during PD roll-out with some staff embracing the PD agenda while other staff sees collaborative efforts as time-consuming tasks with limited bearings on development results. As a consequence, development partners and National Coordinators alike have called for more effective and unambiguous communication on PD issues between headquarters policy advisers and operational staff; this especially is the case in countries where the aid effectiveness agenda has been launched only recently.

c. The ***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, excessive 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 at times takes precedence over the

¹²⁹ Mise en œuvre de la Déclaration de Paris au Bénin. COWI, 2005

commitment to harmonized approaches – a tendency which has been especially noted in intervention areas such as decentralization where development models are seen as ‘export-vehicles’ of different development partner systems. Similarly, the same need for visibility limits the embracing of delegation – even when development partners are willing to harmonize 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.¹³⁰

Partner Country Behaviour

Partner behaviour is a critical factor for a successful implementation of the PD. As mentioned above, the starting point for aid effectiveness is that the partner countries assume leadership and responsibility for their own development in response to their citizens needs and own development priorities. And, measured in the form of the proxy indicator of national development plans and the degree to which they are prioritized and linked to budgets, expenditures and results (indicator 1), the baseline findings show that country ownership needs substantial strengthening. Partner leadership in aid coordination is another major concern. But there is no specific indicator dedicated to measure this dimension of ownership. However, the variable is measured indirectly through other sections of the survey: the degree to which aid data are captured in the national budget or the government accounts (indicators 3 and 5) and the use of Programme-Based Approaches, for which a government-led policy framework is a necessary condition (indicator 9). Fortunately, the survey findings demonstrate that partner governments are more inclined than they were only a few years ago to assume a leadership role in aid coordination as demonstrated by the recent proliferation of Aid Policies.

a. As indicated above, these proxy indicators for **ownership** are increasingly being viewed as too limited to demonstrate the complexity of the ownership dimension. First and foremost, the fact that a given partner country holds different ownership claimants, as reflected by an **uneven commitment to national development policies** and aid policies, is not addressed. Whose ownership is to be strengthened? Is it the executive or the legislative arm of government? Is it politicians or officials? Is it central or local government? Is it the Ministry of Planning and Finance or the sector ministries?¹³¹ Further, to what extent is this ownership inclusive, especially with respect to key civil society constituencies’ relation to human rights, gender equality and the environment? These questions are important to clarify when implementing the PD, as the approach to national development and aid policies differs strongly depending on the partner stakeholder. E.g. one of the fundamental tenets of the PD – namely the programme approach – has during PD implementation mainly been championed by the central ministries, such as ministries of finance, while sector ministries have been reported seeing budget support (general *and* sector) as a relinquishing of their power. Another example is the oft experienced resistance of central governments to the devolution of competences and funds to local governments in the context of decentralisation.

b. *Capacities* of ownership in terms of adhering to and communicating the underlying ideology of partners’ development plans are critical. While the World Bank criteria for the

¹³⁰ Ole Winckler Andersen and Ole Therkildsen. *Harmonisation and Alignment: the Double-Edged Swords of Budget Support and Decentralised Aid Administration*. Danish Institute for International Studies. 2007.

¹³¹ Richard Batley. *Mozambique: The cost of ‘owning’ aid*. Public Admin. Dev. 25, 415-424 (2005).

assessing the state of operational national development plans are commonsensical, they do not say anything about the content of the countries' development policies. Nonetheless, in practice conflict has been experienced between development partners seeking an MDG-driven poverty reduction strategy and partner countries wanting a growth-oriented development strategy with major infrastructure projects as the key elements.¹³² Further, experiences show that sector ministries routinely accept development partner funding which is non-aligned to partner sector policies with the consequence of having multiple approaches to e.g. cost-sharing within a given province depending on the development philosophy of the development partner.

c. Finally, the extent of ownership of national development results has been an issue for discussion with **partner incentive systems for aid effectiveness** being the entry point. In several countries, development partners have been voicing concerns about partner governments' slow progress on key reforms, leaving the development partners without a programme framework and/or systems for alignment. Further, weak leadership has also been noted in regard to ensuring that emerging donors such as China and global funds adhere to the commonly agreed aid effectiveness principles. Indeed, in Zambia the provision of non-concessional funding from non-JASZ signatories has been stated as a key risk to the debt sustainability of the country.¹³³

Emerging Results

While the PD might be too recent for the capturing of outputs, emerging aid effectiveness results might be recorded either in the form of *process* results and/or *outputs* based on pre-PD aid effectiveness initiatives¹³⁴. In regard to process results the Survey Report has noted an improved understanding at country level about the PD objectives and commitments which is expected to be translated into an actionable agenda for a number of countries. There is evidence that "dormant" country harmonisation processes have been to some degree revived as actors within government involved in the survey had an important instrument for instigating change. Emerging outputs are yet to be collected in a coherent manner. However there are indications that for countries which have been engaged in the aid effectiveness discussions for some years, harmonisation efforts (such as division of labour exercises) have led to fewer overlaps of assistance. Further, the managing for results approach – linking resources with results – has at sector level in some instances led to more strategic partner-donor dialogue (e.g. in terms of realistic projections of fulfilment of the MDGs) as compared to what has previously been noted.

5. THEMATIC AND SECTOR FOCUS

In the evaluation the consultants should focus on Alignment and Managing for results as themes and on health and environment as sectors:

a) Themes

Alignment: For aid to be more effective, development partners must base their overall support on partner's national development strategies, institutions and procedures (aid must be

¹³² Although the two development approaches may be mutually dependent with commitment to growth being a necessary (but not significant) prerequisite for poverty reduction.

¹³³ Joint Assistance Strategy of Zambia. 2007.

¹³⁴ Toward Country Led Development: An Independent Evaluation of the Comprehensive Development Framework, the World Bank; 2003; The Drive to Partnership: Aid Coordination and the World Bank, The World Bank, 2001; The Round-Table Mechanisms, UNDP, 1998, DP/1998/CRP.2, New York; Evaluation of General Budget Support, DFID 2006).

aligned with the National Priorities and procedures). Emphasis should be placed on the use of country systems, coordinated capacity support and untying of aid.

Managing For Results: The commitments on management for development results call for donors and partner countries to direct resources to achieving results, and using information on results to improve decision making and programme performance.

b) **Sectors**

Health: Given the almost limitless support for HIV and AIDS, to which is now being added TB and Malaria, as global priority areas. The evaluators should look at how the Paris Declaration has been implemented in the health sector and should look at issues such as:

- Strengthening of the health systems reforms– success of health programmes is dependent on systems being in place to support all programmes.
- Requirements for projects - are these in line with local policy, (e.g. PEPFAR - promotion of condom use as a preventative strategy for HIV infection is not supported by all donors).
- The long term sustainability of projects once funding is withdrawn.
- Reporting systems - are these donor-specific and not according to local monitoring systems and therefore require additional data and indicators. This could lead to confusion among health workers and additional work load.

Environment: The problem of global environmental change is now firmly in place as a global policy issue with large-scale and long-term social, political and economic implications. Donor funding (multilateral and bilateral) in the environment sector in South Africa, is an emerging priority. *How has the Paris Declaration been implemented so far in South Africa's environment sector?* The evaluation for the environment sector should seek to extract information on inputs (political support, leadership, coordination activities, etc). Furthermore given the diverse nature of environmental assistance, which may lead to conflicting interests in the recipient country, the evaluation should examine to what extent there is alignment with the country's national environmental priorities and development goals.

6. LIMITATIONS OF THE EVALUATION

The output level will to the extent possible, be addressed by capturing emerging results. Hence, the first phase evaluation will not assess the underlying assumptions of the PD; namely that increased aid effectiveness leads to development impact. Instead, the assumptions will be assessed (in the extent possible) during phase two of the evaluation, evaluating the same countries. Other assumptions underlying the PD may however be assessed, i.e. that harmonization and alignment, ownership and mutual accountability may form the necessary preconditions leading to aid effectiveness.

7. EVALUATION QUESTIONS

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) Hence, the outlined evaluation questions below shall be taken as explorative starting points for the assessments.

While the issues to be evaluated are split 'neatly' into the three dimensions or aspects: **Utility of the PD; Development Partner Behaviour; and Partner Behaviour**; it is understood that

strong inter-linkages exist. For example, partner ownership of development efforts depends to a significant degree on development partner behaviour, while several dimensions of alignment depend on actions by partners. To the extent possible, the country level evaluations should capture these inter-linkages.

Assessment of the Paris Declaration:

- What is the perceived *clarity* of the PD commitments and indicators? If further clarification work has been needed, which agreements have been reached by the partners (country government and development partners) and are the agreements satisfactory?
- What is the perceived *relevance* of the PD commitments and indicators? What are perceived as the critical aid effectiveness issues in country? Are these addressed by the PD principles? Are all elements perceived critical to aid effectiveness in the country currently addressed?
- What is the perceived *coherence* of the PD? Are any of the commitments and indicators and/or derived implications experienced as contradictory?

Assessment of development partner behaviour:

- Are development partner field staff aware of the PD commitments? Are they *committed* to implementing the PD? How has this been demonstrated in development partner practices? Do development partner field staff across sectors and themes address PD commitments evenly? Are development partner HQ and field offices aligned with respect to PD significance and implementation?
- Do the development partners work coherently to support nationally led development frameworks such as the national plan, PRS or UNDAF?
- To what extent do development partners still rely on their own institutional apparatus?
- How far along are development partners in moving towards a more coherent overall approach to M&E?
- Do development partner *incentive systems* motivate field staff to fulfil PD commitments? (Have incentive systems changed to reflect PD commitments?)
- Do development partner field staff (including project/programme staff) hold sufficient *capacities* to implement the PD?

Assessment of partner behaviour:

- What do partners understand as ‘ownership’? Who are the key claimants to ownership? Which national development and aid policy objectives hold real political power in terms of high government *commitment*? How well do these align with PD commitments? How are internal alignment conflicts resolved? Has the implementation of the PD principles had an impact on the level of ownership inclusiveness in regard to civil society, marginalised groups, and other national bodies?
- Do partner stakeholders have *capacities* to communicate and adhere to partner national development and aid policies? Has the nature of partner ownership given rise to change in development partner-partner country relations? If conflictual, how was the conflict resolved? Are emerging donors such as China more or less attuned to partner country needs?
- Do the partner country’s *incentive systems* motivate staff to fulfil national development and aid policy commitments?

Capturing of emerging outputs:

- What are the emerging intended and unintended effects of the aid effectiveness initiatives set against the five axes of the PD – ownership, alignment, harmonisation, results-based management, mutual accountability? Is there evidence of changes? Has the roll-out of the aid effectiveness agenda had effects on development co-operation priority-setting, including cross-cutting priority issues?
- What are the transaction costs/cost-benefits of implementing the PD commitments of the five axes? And, in what directions have the transaction costs/cost-benefits moved since implementation of the PD commitments?

8. STRUCTURE OF WORK AND COMPOSITION OF TEAM

The team should consist of 3 consultants (1 regional and 2 local) with the following expertise:

- Leader (Local consultant): 7 – 10 years demonstrated experience of aid effectiveness and development policies.
- Advanced knowledge of South African government environment.
- Advanced knowledge of evaluation methodology including behavioural change evaluation approaches and synthesis work.
- Knowledge and experience of programme approaches,
- Knowledge and experience of the partner countries and development partners.

The evaluation should be conducted in three phases:

Inception Phase:

Based on this ToR and an accompanying Sector and Programme Matrix, the contracted evaluation team will develop an inception report (30 pages maximum) including:

- A conceptual framework (involving some scenarios for aid effectiveness¹³⁵ and management for development results¹³⁶) and a contextualised evaluation approach based on the evaluation questions outlined in this generic ToR¹³⁷;
- A purposeful sample selection from the sampling frame (Sector and Programme Matrix) provided with the ToR, including the identification of relevant information sources;
- An evaluation implementation design and methodology with data collection methods and draft instruments (interview guide, questionnaires, etc.);
- Lessons learned from the evaluation and processes to promote institutional learning by both parties during the evaluation (i.e. development partner and partner country); and

A detailed work plan.

The consultant/s will report to IDC on a weekly basis throughout the study period. The following guideline for plan of work and reporting will apply:

¹³⁵ Possibly, as illustrated by contrasts of alignment between development partners which seek an MDG-driven poverty reduction strategy and partner countries that want a growth-oriented development strategy with major infrastructure projects as the key elements – or other examples.

¹³⁶ Involving harmonisation of Monitoring and Evaluation in managing for results, where donors and partner countries direct resources to achieving results and use information on results to improve decision making and programme performance.

¹³⁷ Broadly speaking, are development partners and partner country governments doing what they said they would do? If not, why not? What difference is it making at country level?

Report	
• Title	FIRST PHASE OF THE EVALUATION OF THE IMPLEMENTATION OF THE PARIS DECLARATION – SOUTH AFRICA
• Language	English
-Inception Report -Pre Final draft -Final draft -Workshop -Final Report	- 5 working days after first meeting with IDC. Evaluation findings would need to be discussed at country level between the respective country and its development partners and other stakeholders (the reference group) before being finalised and communicated to the Evaluation Management Group The consultants will have 60 working days for the evaluation and should submit the final report not later than 12 January 2008.
• Recipient	IDC – NT: Shaheed Rajie or Elaine Venter
• No. of Copies	10 hard copies and electronic copy
• Pages	50 pages plus annexes

The experts will be based in Pretoria but will be required to visit recipients in at least 2 of the provinces. The precise details of these visits are to be included in the Inception Report.

The Study Team will be responsible for scheduling interviews and making arrangements for activities related to this study.

IDC will not be providing an office, computers or other equipment necessary for **inter alia** the administration of the Study.

9. TIMING AND CONDUCT OF WORK

The timetable for the total evaluation process is as follows:

January – March 07	Agree Evaluation Framework
June – Sept 07	Develop specific ToR for country level evaluations.
Oct 07	Contract evaluators
Oct – Jan 08	Country lesson learning evaluations
Oct – Jan 08	Draft country level evaluation reports
Jan 08	International Workshop on emerging findings
Feb 08	Finalize Country reports for publication

ANNEXURE 1

Paris Declaration: Summary of Indicators of Progress

1. Partners have operational development strategies

2. Partners have reliable public financial management and procurement systems
3. Aid flows are aligned on national priorities
4. Capacity will be strengthened by coordinated support
5. Use of country public financial management and procurement systems
6. Parallel project implementation units to be avoided
7. Aid is more predictable
8. Aid is untied
9. Use of common arrangements or procedures
10. Joint donor missions and joint analytical work
11. Results-oriented frameworks
12. Mutual accountability

- The survey findings and the discussions that have taken place [...] point to six major priority areas that need policy makers' attention right now if countries and donors are to accelerate progress towards achieving the Paris Declaration commitments.
- Partner countries need to deepen their ownership of the development process.
- Donors need to support these efforts by making better use of partners' national.
- Partner countries need to take the lead in determining priority programmes of capacity development.
- To further harmonisation, donors must work aggressively to reduce the transaction costs of delivering and managing aid.
- To promote managing for results, countries and donors should make greater use of performance assessment frameworks.
- To begin addressing mutual accountability commitments, countries and donors should clearly define a mutual action agenda.

Annex 2 People met

Organisation	Name	Title	Date
World Bank	Eugenia Marinova	Country Officer: Botswana, Lesotho, Namibia, South Africa & Swaziland	17 TH of January 2008
High Commission of Canada	Rejean Hamel	Counsellor - Development	17 TH of January 2008
CIDA	Jean-Didier Oth	Second Secretary – Development	17 TH of January 2008
Finnish Embassy	Mr J Savolainen	First Secretary for Development and Trade	18 th January 2008
UNDP	Khepi Shole	Programme Management Specialist	18 th January 2008
UNDP	Victoria Qhobosheane	Monitoring & Evaluation Officer	18 th January 2008
Embassy of Belgium	Jean-Jacques Quairiat	Development Counsellor	21 st January 2008
Department of Education	Ghaleeb Jeppie	Chief Director: International Relations & Unesco	22 nd of January 2008
Department of Education	Gareth Macquela	Deputy Director, Global Partnerships, International Relations	22 nd of January 2008
GTZ	Axix Jardine	Governance Advisor, Public Service Reform	22 nd of January 2008
GTZ	Ernst Hustädt	Programme Manager – Public Service Reform	22 nd of January 2008
SAPS	Cherie Cook	International Donor Assistance Strategic Management	23 rd of January 2008
UNICEF	Macharia Kamau	Country Representative	23 rd of January 2008
UNICEF	Ms Lindsey	Deputy Director for UNICEF	23 rd of January 2008
Dept of Science and Technology	Lisa du Toit	Manager Development Partnership	23 rd of January 2008
BTC	Dijon Hilzinger- Maas	Acting Resident Representative	23 rd of January 2008
Department of Environmental Affairs and	Peter Lukey	Chief Director: Air Quality Management and	23 rd of January 2008

Organisation	Name	Title	Date
Tourism		Climate Change	
Embassy of the Kingdom of Sweden.	Mr A Ronquist	First Secretary Deputy Head of Development Cooperation	23 rd of January 2008
Department of Environmental Affairs and Tourism	Mr Fakir	Chief Policy Advisor	24 th January 2008
Royal Norwegian Embassy	Helge Stange	Counsellor	24 th January 2008
EU	Hubert Perr	Counsellor – Development	24 th of January 2008
Department of Environmental Affairs and Tourism	Dr. Ranjini Pillay	Director: Office of DDG, Environmental Quality and Protection	29 th of February 2008
Department of Environmental Affairs and Tourism	Bo Leth-Espensen	Programme Advisor: Urban Environmental Programme: Government of South Africa & Danida	29 th of February 2008
Department of Environmental Affairs and Tourism	Stuart Mangold	Senior Policy Analyst	29 th January 2008
DFID	Ms K English	Programme Manager: Resilient livelihoods and aid effectiveness	29 th January 2008
USAID	Cynthia Chassy	Education and Training Team Leader	29 th January 2008
USAID	James Watson	Supervisory Program Officer	29 th January 2008
Royal Danish Embassy	Bokellang Khave	Programme Co-ordinator, Good Governance	31 st of January 2008
DFID	Robin Gorna	Senior Health & AIDS Advisor	31 st of January 2008
Japanese Embassy	Mr Tanaka	First Secretary: Development	1 st February 2008
JICA	Ono Shuji	Resident Representative – D.R. of Congo, Angola, Namibia	1 st of February 2008
SADC-HYCOS	Eileen Hugo	Project Assistant	1 st of February 2008
Environmental Affairs and	Merlyn Van Voore	Senior Policy Advisor –	31 st of January 2008

Organisation	Name	Title	Date
Tourism		International Governance	
Office of the Premier	Hilton Arendse	Chief Financial Officer	5 th February 2008
Office of the Premier	Patrick O'Brian	Managing Accounting	5 th February 2008
Department of Environmental Affairs and Development Planning	Dipolelo Elford	Chief Director	5 th February 2008
KZN Health	Mr. Cain	Deputy Director: Donor Coordination Services	6 th February 2008
Office of the Premier Intergovernmental Relations	Arno Hibbers	General Manager	7 th February 2008
Department of Water Affairs and Forestry	Ms Naiker	Deputy Director of Multilateral Relations and Official Development Assistance	11 February 2008
IDC - National Treasury	Elaine Venter	Director	11 February 2008
IDC - National Treasury	Paula van Dyk	Deputy Director	11 February 2008
IDC – National Treasury	Ms. J Basdew	Senior Economist	11 February 2008
CABRI	Ms. A Shah	Consultant	11 February 2008
CABRI	Ms. Y Bio Tchane	Policy Analyst	11 February 2008
KZN Environmental Affairs	Mr Strauss	Senior General Manager	13 February 2008
DoH	Ms N. Malefetse	Director, IHL	20 February 2008

Annex 3 References

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Swedish Government (2004) *Country Strategy For Development Cooperation for South Africa (July 2004- December 2008)*.

Synthesis of Emerging Findings: Progress Report (February, 2008) Team: B. Wood, D. Kabell, F. Sagasti, N. Muwanga. Presented at Khaya Ibhubesi, Evaluation of the Paris Declaration Emerging Findings Workshop.

Taft, T & Mlotchwa, F. (January 2007) *A study on developing a guideline on best practices of ODA: draft report*.

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Annex 4 Interview guides – questionnaires

First Phase of the Evaluation of the Implementation of the Paris Declaration: South Africa

Questionnaire

We would be extremely grateful if you could complete the following questionnaire (Section A and Section B) by **18 January 2008** and submit the completed questionnaire to **Paula van Dyk, email: paula.vandyk@treasury.gov.za**

Name	
Designation/ Title	
Contact Details	Address:
	Telephone:

Section A

The following statements are ones which people have said about the Paris Declaration. Please read the statements and then kindly mark (with an X) your response, thus signalling whether you strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with each statement.

<i>Statement</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
Assessment of the Paris Declaration					
1. There is sufficient clarity on the Paris Declaration’s commitments and indicators and no further clarifications are needed.	1	2	3	4	5
2. The Paris Declaration (PD) addresses the critical aid effectiveness issues in South Africa	1	2	3	4	5
3. The PD has led to a misalignment in South Africa between strategy/ policy on the one hand, and financial management and procurement systems on the other hand.	1	2	3	4	5
4. Development partner aid is transparent and predictable.	1	2	3	4	5
5. The PD has contributed to the slowing down of disbursements by development	1	2	3	4	5

<i>Statement</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
partners.					
<i>Assessment of development partner behaviour</i>					
6. There is little harmonisation between development partners in South Africa.	1	2	3	4	5
7. Development partner field staff are often unaware of the PD commitments	1	2	3	4	5
8. Development partner field staff are committed to implementing the PD.	1	2	3	4	5
9. There is often a misalignment between development partner HQ and field offices aligned with respect to PD significance and implementation.	1	2	3	4	5
10. Development partners are making a serious effort to ensure aid becomes more effective.	1	2	3	4	5
11. Development partners working in South Africa coherently support South Africa's development frameworks and strategy.	1	2	3	4	5
12. Development Partners share information effectively with South African government officials on current and future activities.	1	2	3	4	5
13. Development partners typically rely on their own institutional systems, procurement modalities and so on.	1	2	3	4	5
14. Development partners continue to rely on their own reporting systems.	1	2	3	4	5
15. There are no incentives in place to motivate field staff to fulfil PD commitments.	1	2	3	4	5
16. Development partner field staff (including project/programme staff) hold sufficient <i>capacities</i> to implement the PD.	1	2	3	4	5
17. Development partners fully involve partners when commissioning technical assistance.	1	2	3	4	5
<i>Assessment of partner behaviour</i>					
18. There is a strong alignment between the PD commitments and South Africa's national development and aid policy objectives?	1	2	3	4	5
19. South Africa is clear about ownership of its own development priorities.	1	2	3	4	5
20. With regards to leadership and responsibility for the development framework/strategy in South Africa, there is often a disjuncture between central, provincial and local government	1	2	3	4	5
21. Civil society has largely been marginalised in respect to ownership of the development agenda in South Africa.	1	2	3	4	5
22. South African government departments have insufficient capacity to communicate and adhere to partner national development and aid policies	1	2	3	4	5
23. Emerging donors tend to be more attuned to South Africa's development needs	1	2	3	4	5

<i>Statement</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
than do the traditional donors.					
24. There are sufficient <i>incentive systems</i> in place in South Africa to motivate staff to fulfil national development and aid policy commitments	1	2	3	4	5
25. Since the signing of the PD in 2005 it would be difficult to find evidence of increased aid effectiveness in SA.	1	2	3	4	5
26. Since the signing of the PD in 2005 the roll-out of the aid effectiveness agenda has had a positive effect on development co-operation priority-setting in South Africa, including cross-cutting priority issues.	1	2	3	4	5
27. The introduction of the PD has led to even higher transaction costs for partner countries such as South Africa.	1	2	3	4	5
28. The level of mutual accountability between development partners and the South African government on Aid Effectiveness is high.	1	2	3	4	5

Section B

1. Do you feel that you have sufficient clarity on the Paris Declaration's commitments and indicators? If further clarification work is needed, what would you suggest (i.e. which aspects of the Declaration need further clarity and how could this be achieved)?

2. Does the Paris Declaration address the critical aid effectiveness issues in South Africa? If not, what issues critical to aid effectiveness should the Declaration be addressing?

3. What incentives, if any, are in place to motivate field staff to fulfil PD commitments? (Kindly explain your answer)

4. If you can, please provide an example that demonstrates how development partner field staff have addressed the PD commitments in the actual work they are doing?

5. If you can, please provide an example that demonstrates how development partners are moving towards a coherent overall approach to M&E (e.g. contributing to a sector-wide M&E system such as Masibambane's M&E system for water and sanitation services)?

6. If you can, please provide an example of an *incentive system* in South Africa that motivates staff to fulfil national development and aid policy commitments. If you cannot provide an example, kindly suggest what sort of incentives are needed to motivate staff?

7. What do you think are the emerging intended and unintended effects of the PD in the South African context, i.e. is there evidence of change? Please explain your answer, in doing so you may wish to based your answer against the five axes of the PD – ownership, alignment, harmonisation, results-based management, mutual accountability?

8. Do you think that implementing the PD commitments across the five axes (ownership, alignment, harmonisation, results-based management, mutual accountability) has led to either higher transaction costs or cost-benefits? Please provide an explanation of your answer.

Thank you very much for your time.